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The Nation's Business

Quebec Stands by Part of Confederation

Fears Constitutional Changes by Majority

Making Big Business Misunderstood

Cockshutt and Ross

TO A WORLD by-stander looking on at Canadian affairs, it must present itself as puzzling that it should be Quebec that sounds a warning note in the discussion of changes and "changes" in Canada's national status.

There have always been groups in Canada that have attempted to paint the French-Canadians as an un-British, even un-Canadian race, opposed to Imperial ties, somewhat foreign in its outlook and even in the words of a Toronto University debate "a menace to Canadian Unity." And yet, despite this abusive representation, it is Quebec that steps forward now to indicate the dangers that may pursue the elevation of Canada to a detached pinnacle of constitutional egoism. Premier Taschereau's striking statement in the Quebec legislature last week, on the position of Quebec under the British North America Act, is at once the most pointed evidence of Quebec's thoroughly loyal, thoroughly Imperialistic sentiment that we have had in a generation, and the most critical and non-partisan discussion of the constitutional metamorphosis of the Dominion that has been uttered by a public man in Canada.

* * *

WHEN Premier W. L. M. King and his associate, the minister of justice, Hon. Ernest Lapointe, returned from the Imperial Conference they brought no new trade arrangements, no promise of new settlers for Canada, no keys to foreign capital supplys, but they did bring a new definition of Canada's "status," a written definition which has been dubbed by its proponents, in all seriousness, as "the Formula." Hailing it first as a mighty advance in nationhood for Canada, the cheering chorus boys of the premier's pet press, were forced to change their tune somewhat when Bruce of Australia and Coates of New Zealand, made it definite that the status document added not one whit to the stature of Canada's nationhood, or any British Dominion, and changed not one invisible comma in the unwritten constitution of the Empire. Then the Formula fakers withdrew from use their terminology of the document as the Magna Charta of the British Empire, and stated that it was merely an understanding arrived at and committed to writing. Nevertheless, they said, it was a document that proclaimed to the world the independence of Canada within the Empire; the equality of status of this nation with Great Britain, Australia and the other countries under the British Crown.

* * *

BUT IT was necessary, if the Formula was only the expression in typewritten characters of what was generally recognized before, that some justification be found for all the fanfare of trumpets and the wild display of enthusiasm with which the Formula was launched. And so, quietly, there has been scattered abroad a somewhat more advanced thought; speakers and newspapers have been indicating that the time is ripe for Canada to assume unto itself the power and privilege of changing its own constitution. This, theoretically Canada can not now do. The British North America Act is the constitution of Canada. The B.N.A. Act is an act of the British Parliament and the British Parliament alone can change it. Giving to the Canadian Parliament the practical power to change the constitution of Canada means but one thing, throwing the British North America Act, the Pact of Confederation, overboard.

Now, in theory, it may not be in keeping with Canada's status of nationhood that its power of self-government should emanate from an act of a parliament in which it has no representation. That is a point for the constitutional reformers to wrangle over. Enough it is to know that in practice the British North America Act has proven to be a bulwark of strength in safeguarding for Canada our most treasured rights and privileges. And in no respect has the B.N.A. Act proven to be of greater value than in safeguarding for minorities in Canada rights and privileges that were the very basis of their entry into Confederation.

* * *

IT IS in respect to the especial privileges of the French Canadian people in Canada, that were guaranteed by the Pact of Confederation, that Quebec's protest against interference with that Pact arises. Premier Taschereau cherishes its languages, its schools, makes it clear that Quebec of to-day its laws, its beliefs and its provincial autonomy as dearly as did the French-Canadian statesmen of 1867, whose breadth of view and vision made a Confederated Canada possible. And he makes it equally clear to Mr. King

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CUT DISTRIBUTION COSTS, FOCUSSING AT POINT OF SALE

Wasteful Expenditures on Dealer Helps is Condemned

NEW MERCHANDISING

Emphasis Now Upon Making More Efficient Merchants, is Viewpoint of Big Conference

By H. L SOUTHALL,
Managing Editor, Hardware and Metal.
Special to The Financial Post.

DAYTON, Ohio. — The need for close study and application of scientific methods in the solution of problems involved in the machinery of distribution is being realized by business executives to-day possibly to a greater extent than ever before, and the need for co-operative action for this purpose was the inspiration for an important gathering of business executives representing both Canada and the United States, held here. From all points of the continent came business men for a two-day conference on vital matters concerning marketing questions. There was practically no formal program, the conference taking the form of a round-table discussion of problems which are well known to every business man. The spacious quarters and facilities of the National Cash Register Company were placed at the disposal of the delegates, and certain officials of that company, including F. J. Nichols, head of the Merchants' Service Bureau, lent their assistance in the proceedings.

Strain on Distributive Machinery

Briefly, the distribution problems which the conference gathered to discuss were those alleged to have arisen as result of the fact that production volume, due to manufacturing enterprise and the use of more scientific industrial methods, has increased more rapidly than has population and that, as result, a severe strain has been put upon distributive machinery, including jobbing and retailing. It was felt that this marketing machinery was not working as smoothly as it should, and that congestion was resulting in the channels of distribution. Practically the entire proceedings of the conference centred around a discussion of dealer helps, advertising and marketing methods. Many business men expressed themselves quite definitely as of the opinion that many of the accepted ideas concerning the value of certain merchandising methods were now very much open to question because of failure to function satisfactorily when placed under the strain of relieving the present situation in marketing. The concensus of opinion was that too little attention has been paid to the retailer and the retail salesman, and that too much attention has been given to sales efort intended to force the situation without giving the retail outlet proper consideration. While there was no suggestion of reflection upon advertising as an influence in marketing, the opinion was very definitely expressed that there has been a great deal of waste in dealer helps and in advertising, through duplication, through inadequate attention to mailing lists, and through failure to consider the particular requirements of those for whom such matter was prepared. It was, therefore, only to be expected that, with manufacturers, wholesalers, retailers, salesmen, publishers, advertising counsel, merchandising authorities, and research experts in attendance at the conference, the problems arising from such a situation could be given very thorough attention.

Waste of Time

The conference opened with a discussion of dealer helps in the form of advertising matter, pamphlets, folders, and other such matter. That there was a great deal of waste in such material was unanimously agreed. Nelson Taft, editor Retail Ledger, outlined a conversation he had had with a prominent retail store executive in Philadelphia, in which the latter stated that he had given instructions to his mail clerks to file in the waste paper all printed matter of this description mailed in to the company. Much of this matter was said to be totally unsuited to the needs of a store of this kind, and this official felt that it was only a waste of time for him to wade through it in the hope of finding something of interest. Upon being asked by Mr. Taft what he could make of manufacturers' assistance, this retail executive answered:

"We can use manufacturers' co-operation in keeping us advised of changes in styles or trends respecting merchandise; in passing along selling ideas to our selling staff and in a full realization of the manufacturers' part of a mutuality of interest with us."

Retail Groups

An analysis of retail business was made in order to establish into what groups retail stores could be divided for special attention. The largest

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Saskatchewan Surveys Its Power Possibilities

The Saskatchewan provincial government has appointed a commission to enquire into the feasibility of erecting power plants throughout the province. The personnel consists of L. A. Thornton of Regina, Arthur Hitchcock of Moose Jaw, Prof. A. R. Grieg of Saskatoon and R. N. Blackburn, chief mechanical superintendent of the province. The government considers the present move advisable, bearing in mind the recent and prospective growth of the province and the advancement in the science of producing and distributing electrical energy. The discovery and survey of water powers within the province are such as to warrant the present undertaking, it is said.

CANADA CAN BRING NEW ZEALAND INTO AUSTRALIA TREATY

So Declares Premier Coates in Discussing Trade Relations

By HORACE T. HUNTER,
Vice President, The Financial Post.

"There is no need for a new treaty to be made between Canada and New Zealand. I believe the whole matter can be arranged to our mutual satisfaction by an order-in-council which would give to New Zealand the same tariff preferences and privileges which are now enjoyed by Australia. Provision was made in the Australian treaty for bringing in other countries on the same basis." This was the statement made by Rt. Hon. J. G Coates, premier of New Zealand, in an interview accorded me before leaving Toronto, homeward bound via Winnipeg, Vancouver and San Francisco.

"I believe," he said, "we should have a Trade Commissioner resident in Canada who would keep us advised regarding the best ways and means of selling our products here and I intend to take this matter up as soon as I return to New Zealand."

Mr. Coates had just come from a long interview with the Hon. James Malcolm, Minister of Trade and Commerce, who came to Toronto to discuss with Mr. Coates ways and means of working out closer trade relations with New Zealand. Mr. Coates had spent two days in Ottawa discussing this matter with the Prime Minister, Rt. Hon. W. L. M. King, and other members of the cabinet. It is understood the Canadian government discussed the matter informally after Mr. Coates left. Their statisticians went into the matter and supplied some figures and information which Mr. Malcolm brought on to Toronto for final interview with Mr. Coates before his departure.

Coates Leaves Good Impression

Mr. Coates made a good impression on the audiences he addressed and the business men with whom he came in contact in Montreal, Ottawa, and To-

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JITNEY CONTINUES TO HURT PORTO RICO TROLLEYS

But Lighting Business Enables Company to Pay Dividend on Common

WILL SHOW 1926 GOOD

Surplus Reserves, Working Capital Will Be Revealed as Growing in Report Due in April

While the annual report of Porto Rico Railways Co. will not be available until April, it is stated that earnings for the calendar year 1926 will be fairly good. The common shareholders got 1 per cent. in dividends in the last quarter of the year and it is believed that further disbursements are feasible.

Jitneys continue to make inroads into the earnings of the street railway company. Some of those close to the company are of the opinion that, without laws to prevent this competition, it will continue seriously to be felt. Besides the absence of government restrictions on the continued operation of the jitney, the company has to contend with a climate which makes that form of transportation as popular as any other at all seasons. Porto Rico also is blessed with good highways.

Jitneys Cut Earnings

Some idea of the competition of the jitney in Porto Rico is shown by the progressive lowering of passenger earnings per car mile over a period of years. In 1920, the earnings were $.3831; in 1921, these were reduced to $.3163, in 1922 the figure was $.2668, in 1923, $.2192, in 1924, $.1796 and in 1925, $.1447. In other words, the earnings per passenger car mile were 2½ times greater in 1920 than in 1925.

The drop in the number of passengers carried in these years was pronounced:

1920	8,855,412
1921	7,143,810
1922	6,069,237
1923	5,103,186
1924	3,935,713
1925	2,611,748

In the early years of the jitney competition, but perhaps not for the same reasons, freight tonnage also decreased on the Porto Rico Railways, which include a steam line of 29 kilometers in length. But the low figure of 105,524 tons in 1923 was increased to 168,063 tons in 1925. The figures for 1926 are not yet available. Quarterly earnings statements are not published.

Lighting Revenue Up

While revenue from the railways proper has been steadily decreasing in recent years, the income from the power and lighting systems has been materially increased, a fact which has enabled the company to improve its position and to pay a dividend on the common stock for the first time since 1922.

Increases were effected in the number of commercial lamps connected, the number of municipal lamps and the amount of power used for commercial purposes. There were 180,781 lamps (50 watt equivalents) at the

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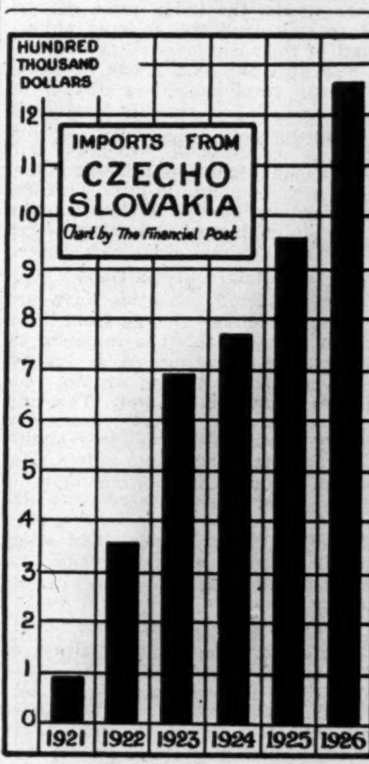
Flour Millers See Big Advantage in Canada's Czecho-slovakian Pact



Exports Total Nearly 1,000,000 Barrels Per Year Through Hamburg

IMPORTS ARE GROWING

Some Domestic Manufacturers Feel Competition from Country Where Labor Costs Are Much Lower

Canada's milling industry, dependent on export trade for a great part of its revenue, is unanimous in agreeing that the new treaty which the Dominion government has entered into with Czecho-Slovakia is a most useful instrument. An Ottawa correspondent of The Financial Post two weeks ago questioned the value of the treaty on the ground that the apparent import of Canadian flour into Czecho-Slovakia was infinitesimal, as revealed by government figures, while imports of worsteds, felts, china tableware, window glass, felts and other commodities from Czecho-Slovakia were becoming a serious menace to domestic manufacturers of those and similar goods.

As a matter of fact, as was apparent from a complete reading of The Financial Post's article, Czecho-Slovakia's purchases of Canadian flour are much more substantial than any bluebook reveals. Until recently, nearly all Canadian flour going to Czecho-Slovakia appeared in the reports as an export to Hamburg. The only Czecho-Slovakian purchases which were recorded as such were occasional buyers from Prague bought directly and the shipment was billed through.

Exact Figures Available

But from April 23 last the Czecho-Slovakian consul general at Montreal has been obtaining certificates of origin. These show that from April 23rd to the end of October, six months plus one week, Czecho-Slovakia actually received 465,764 barrels of Canadian flour. November shipments totaled 88,096 barrels and from December 1st to December 10th, 43,895 barrels were shipped.

This means an annual flour trade with Czecho-Slovakia of approximately 1,000,000 barrels, or about $1,500,000 in revenue to the millers, not counting the producers' revenue from grain or the revenue accruing to transportation companies.

Millers hope to increase this busines under the new treaty.

Without the new treaty, it is contended, the Canadian sales of flour would have virtually ceased in Czecho-Slovakia. In August and September last, when Czecho-Slovakia applied a general duty of 120 crowns per 100 kilos of flour, as opposed to the conventional duty of 70 crowns, Canadian shipments into that market immediately were adversely affected. When the lower duties were put into effect again early in September business again was resumed.

In return for granting Canada favored-nation treatment, which affects principally flour, Canada permits Czecho-Slovakian manufacturers to be imported into this country under the intermediate tariff, where the general tariff formerly applied. The question that is of public concern is whether the advantages of the treaty from the viewpoint of the millers is an offset to any disadvantages which may accrue to domestic manufacturers with whom these imports compete. Czecho-Slovakia, it is well to remember, is a large country carved out of the Balkans by the Versailles conference and comprises much territory which formerly were manufacturing regions of Austria and Hungary. The people are industrious and have been making great strides toward rehabilitation. But even in pre-war days they worked for less per month than would feed a Canadian a week and the difference in labor cost has been

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C.N.R. MAY BUILD HOTEL IN QUEBEC; RED INK IS GONE

Pratt Says C.N.R. Hotels Are Now Showing Operating Surplus

Quebec city is likely to have a new hotel, built on a large and luxurious scale and aimed at deriving a big revenue from tourists. Canadian National Railways plans the hotel, it is stated.

Plans for extension of the hotel system of the Canadian National Railways are significant in view of reports that the improvement in the operation of the hotels of the Canadian National Railways during the past year has been so satisfactory as to warrant the hope that these properties of the company will show an operating profit during 1926 instead of a deficit, as in previous years, Walter Pratt, general manager of hotels and dining cars for the National system, said:

"While the figures for all of the hotel properties have not been finally adjusted for the past year, sufficient returns have been received to cause me to believe that the financial statement of the hotel department for 1926 will show an operating surplus. If this expectation is justified, it will be the first time in the history of the hotel system that we have finished on the right side of the ledger.

Real Estate Mortgage Bonds Rank High as Investment When Properly Set Up

Abuses That Have Crept Into This Type of Security in Recent Years Require Correction — Steps Taken to Insure Investment Public That Issues Are Soundly Protected

By W. C. CLARK,
Formerly Professor at Queen's University; Now Economist of S. W. Straus & Co,
Address to Association of Canadian Building and Contracting Industries at Ottawa.

Modern methods of financing apartment houses, commercial hotels, office buildings and down-town garages, by the public sale of real estate bonds have been introduced into Canada during the last three or four years but with this new system of finance have come certain abuses developed on the other side of the line and particularly those associated with the shoe string promoter and the incompetent or irresponsible underwriting hause.

On the ground of both individual and national welfare the first mortgage real estate bond has demonstrated beyond peradventure its right to rank as a financial contribution of the first importance.

Adjunct to Building Trade

In the first place it has proven an enormously valuable adjunct to the building industry and an amazingly efficient instrument contributing to the upbuilding and more rapid development of our American cities. The huge construction program of the United States in the last five years would not have been possible without the first mortgage bond. This efficient financial device has carried on the work of fostering saving on the part of the small and average investor begun by the war bond campaigns, and has garnered these savings for the needs of the building industry. The reservoirs of capital which it has unlocked has enabled our cities to wipe out in record time the huge deficit of building facilities accumulated during the war and early post-war years, and on top of that, to build up their physical plants to a standard more in keeping with the ideals and the wealth-creating possibilities of the present age. In doing so, it has, as already indicated, fostered and supported a level of prosperity in the United States, unknown to any other age or country.

In the second place, first mortgage real estate bonds, soundly selected and properly safeguarded by experienced, competent and responsible issuing houses, have provided for the small investor an investment,—formerly available almost solely to the insurance company or large institutional or individual investor,—which combines in almost ideal proportions the three chief requisites of an ideal investment, namely, safety of principal and income, generous yield and satisfactory marketability.

Originated 30 Years Ago

The real estate bond originated about thirty years ago as a natural evolution from the old straight first mortgage, the oldest form of investment in the world. Since the days of the Babylonians, the first mortgage upon wisely selected income-producing property has provided safety and stability. But its impracticability for financing the larger structures, the inconvenience of the irregular denominations involved, the trouble and risk incurred by the individual investor in collecting his interest, seeing that taxes were paid and other covenants of the mortgage lived up to by the mortgagor, etc., and the lack of a ready market for mortgages in case the investor needed cash, ultimately forced the development of a more modern, more flexible, more convenient and more marketable instrument which would give the investor, small or large, the advantages of the first mortgage without its disadvantages. That instrument was the first mortgage real estate bond, which is simply the oldfashioned straight mortgage, split up into standardized retail packages so that the investor can buy as much or as little as he wants. The burden of selecting the properties to be financed, of determining values and a sound percentage of loan to values, of attending to the infinitely numerous and exceedingly important legal and technical details involved in drawing up the mortgage covenant and seeing that its terms are carried out and the vital function of maintaining a market for the securities after their original distribution, is taken from the shoulders of the individual investor and placed on those of the underwriting house, which, if it is not to falter under this burden, must have ample financial resources and maintain an

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Background of Canadian Business

By JOHN E. LANGDON,
Business Editor, The Financial Post.

WEEKLY REVIEW OF CONDITIONS

Stability Feature of Present Sustained Prosperity
Credit Demands Heavy on Account of Active Business
Industrial Operations Steady; Outlook Good in All Lines
Extensive Buying from Rural Sections Forecast
Lower Commodity Prices Will Have Beneficial Influence

STABILITY has been the outstanding characteristic of the sustained prosperity, which the Dominion has been experiencing during the past eighteen months. Unlike other periods of good business, the present one has not been featured by any extremes either one way or the other. We have seen in previous upward movements how boom conditions suddenly arise and just as quickly deflate again, followed by a long period of depression. Present prosperity cannot be classified as of the "mushroom" variety. It has been slowly and steadily gaining headway, controlled and brought about by easier credit facilities.

Since the beginning of 1925, credit has been in active demand, on account of the country-wide building program, financing instalment buying, stock market speculations and to some extent by commodity purchases. Our banks have been able to take care of the situation without any undue strain on their resources, and there is probably more money now available for sound, constructive purposes than at any other time in recent years. The last bank report, as at November 30, 1926, shows call and current loans in Canada at over a billion dollars. At the same time, demand, notice and foreign deposits were in excess of two billions, so that plenty of funds are on hand for further extension of credit.

Instalment Buying

One of the heaviest drains on credit resources, has been and is the financing of instalment buying. Although a comparatively new phase of modern business, it has gained tremendous momentum and is an important factor in bringing about a wider distribution of manufactured products. This is particularly noticeable in the sale of automobiles, radios and other commodities, buying of which would be ordinarily limited to certain classes were it not for the partial payment plan. Added purchasing power in this respect has not only been the means of stimulating trade, but has also resulted in raising the standard of living. Properly controlled, there is every reason to believe that this type of financing will become a permanent and integral part of our credit system.

Hand-to-mouth buying also plays an important part in the present prosperity. Ordering in bulk for estimated future requirements and the consequent tying up of large sums of money in inventories, has now given way to buying for immediate needs. By reason of distributive purchases, retailers operate with a minimum of stock, wholesalers carry smaller supplies, while manufacturers are enabled to regulate production on a more uniform basis. The possibility of over-production is thus eliminated and the cash position of both producers and distributors greatly improved.

Business Undertone Strong

As a result of the stabilizing influence of the present credit system, business has entered the new year with a deep conviction that the Dominion will witness another year of activity. The first sign to lend encouragement to this belief, is seen in car loadings. During the first week of January, 8,869 more cars were loaded than in the previous week and 2,956 more than in the same week a year ago. The increase is well distributed over the entire list, merchandise and miscellaneous loadings being outstanding. Origin of freight shows that no one section of the country is benefited at the expense of another, increase in loadings being equally divided between the eastern and western divisions.

Commodity Prices Lower

Another point worthy of notice, and one which will probably have a beneficial influence on business transactions this year, is the downward movement of commodity prices. The trend has not been marked by any violent fluctuations, rather has there been a slow, easing off in the majority of quotations. In December last, the commercial importance of 236 commodities declined one point, being 150.5, as compared with 151.5 in November, or a drop of thirteen points during the whole year. In other words, the index price of certain staple products, selected on account of their commercial importance, is now 50.5 per cent. above the level of 1913. Analysis shows that the farmer's dollar is steadily increasing in value, the spread between selling price of agricultural products and cost of manufactured products, having lessened during the year. This improvement will in all likelihood make itself felt in increased buying power of the rural communities this year.

Industrial Outlook Good

Manufacturing activities have not shown any marked change from those of the past month. The majority of plants are operating on a limited scale, although in one or two instances, output is greater. The iron and steel trades expect to receive shortly a number of railway equipment and structural steel orders. The packing industry is showing signs of revival after one of the worst years in its history. Moreover, textile, pulp and paper, rubber, tobacco and other industries are in a good position and the industrial outlook is one of encouragement.

Heavy Rural Buying Expected

Insofar as the agricultural situation is concerned, farmers in the West are in a strong financial position. Eastern farmers are not so well off, however, but their more diversified returns ensure a steady income the year round. Additional farm equipment purchases and improvement to farm property, will likely be the general rule this year and those industries catering to the needs of the farmers, should find business in greater volume than last year.

Loss of Canadians Through Emigration Continues Heavily

Loss of Canadian population through emigration to the United States, while not so pronounced as it was a couple of years back, nevertheless continues heavily. In the month of November last, 8,186 Canadians entered the United States with the express purpose of taking up permanent residence, according to a report issued by the U. S. Department of Labor. This represents approximately two-thirds of the total flow of emigrants to that country during the period under review.

During the five months' period—July to November, 1926—43,510 Canadians entered the States. At the same time, the number of migrates from the States to Canada was only 749, which leaves a net loss in population to the Dominion of 42,761. To offset this, immigration to Canada from the Old Country and Europe has been increasing steadily, so that while the population shows no marked increase, the Dominion is about able to hold her own.

P. E. Island Tourist Traffic Triples in Past Three Years

Efforts of the recently organized Prince Edward Island Tourist Association to put forward the attractions of the Island as a tourist centre are meeting with considerable success, states Justice Arsenault, president of the association.

The aim of the organization has been to make known this beautiful little island, its beauty, its charm, and its advantages, as a place in which to live, or to spend a vacation. So well has the association succeeded in this, that the number of people who visit the Island during the summer months has increased 300 per cent. in the last three years.

This in itself would be quite sufficient to justify existence of the organization, but more has been accomplished. Prince Edward Island is becoming known as a convention centre, and as a stopping place for tourist parties. During the past summer, two such conventions were held in Charlottetown, bringing together men and women from all over the Dominion.

The passenger and motor traffic to this province is still on the increase, and was augmented in 1926 more than twenty-five per cent. over the year 1925, a corresponding increase in the season of 1927 will tax the carrying capacity of the car ferry.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1927	1926	
Car loading, week Jan. 8	57.463	54,507+	5%
	1926	1925	
Building permits—November, (63 cities)	9,968,937	7.988.765+	24%
Construction contracts awarded, year	372,947,900	297,973,000+	25%
Railway Earnings—Eleven Months—			
C P. R. gross	180,233,610	163,537,400+	10%
C. P. R. net	43,328,944	35,327,983+	22%
C. N. R. gross	242,854,988	221,119,532+	9%
C. N. R. net	41,451,628	26,916,205+	64%
Pig Iron Output—tons, November	52,345	68,535—	23%
Steel Ingot production, November tonnage	54,311	73,205—	25%
9 months to November 30	718,395	690,342+	4%
Employment—December index	101.1	95.3	
Newsprint production—November tonnage	164,798	132,147+	24%
Automobiles produced—11 months to November 30	197,364	153,317+	29%
Immigration, 11 months, to November 30	130,569	80,904+	62%
Business failures—No. of firms,, 12 months	2,196	2,371—	7%
Liabilities	37,082,882	45,767,8,25—	19%
Imports of key commodities, 12 mos. ending November 30—			
Rubber (raw, in pounds)	46,265,412	42,521,452+	9%
Cotton (in pounds)	138,413,094	116,312,505+	19%
Crude petroleum (in gallons)	675,856,465	510,045,574+	33%
Exports of key commodities, 12 months ending November 30—			
Canned salmon, cwt.	633,286	735,985—	14%
Newsprint, cwt.	34,254,360	27,607,171+	24%
Wheat flour, bbls.	10,614,111	10,104,787+	5%
Wheat, bushels	262,245,488	195,183,664+	34%
Grain receipts, Aug. to Dec. 31	235,880,698	279,002,706—	15%
Bank clearings, year	17,651,333,319	16,731,441,880+	5%
Saving deposits, Nov. (chartered banks)	1,367,295,012	1,298,831,228+	5%
Current loans, Nov. (chartered banks)	986,400,696	909,977,043+	8%
Exports, 12 months to November 30	1,305,715,729	1,219,861,088+	7%
Imports, 12 months to November 30	1,003,485,204	874,221,547+	14%
Balance of trade, 12 months to November 30	302,230,525	345,639,541—	12%
Price level, December index, 236 commodities	150.5	163.5	
Bond sales, 12 mos.	567,341,196	496,500,000+	14%
	1927	1926	
Pig iron (Number 1 foundry) Jan. 18	25.80	Jan. (Aver.)	26.85
Cattle—Good, Toronto, Jan. 17	7.00	Jan. (Aver.)	6.74
Wheat, No 1, Nor. Winnipeg, Jan. 17	1.34	Jan. (Aver.)	1.93
Hogs—Select, Toronto, Jan. 17	10.50	Jan. (Aver.)	$13.82

COAL SHIPPING FALLS OFF FROM SYDNEY PIERS

Although the Production of Some Besco Mines Holds Up

From Our Own Correspondent.

SYDNEY.—Although shipping at the Sydney piers is rapidly falling off and most of the shippers have been laid off or put at other work, there is no let-up in production at Cape Breton collieries of the Dominion Coal Company, nearly all of which are working six shifts a week.

Collieries Nos. 2 and 4 have been experiencing broken time lately, getting only one shift in the last week. The company's explanation is that there is no demand for coal from these pits, and they dare not bank any large quantities of it with no market in sight.

The men on the other hand point out that these mines are on the same seam with No. 1B which is working full time. They intimate the real reason for idleness is that it costs more to raise coal from 2 and 4 than from 1B.

Ask Government Aid

The difficulty is now being taken up with the management and the men announce that if no settlement is reached the provincial government will be appealed to for assistance.

Substantial orders from the C.N.R. for coal to be banked for spring delivery are expected to aid greatly in stabilizing winter employment. A C.N.R. official was here this week discussing the details with General Manager H. J. McCann but the amount of the order was not revealed.

The continued boom in coal mining has greatly stimulated sections of the provincial lumber trade, many millions of feet of pit props being got out not only by regular lumber operators but by the farmers, who find it more profitable to cut pit timber than to turn their trees into pulp wood. The Dominion Coal Company, at Reynold's Lake alone, is getting out 1,000,000 feet of packs for Springhill collieries.

The steel business continues brisk. Every freight train into Sydney brings many empty flat cars to handle the flow of westward shipments of rails for the C.N.R. About 35,000 tons are now ready for shipment west.

MANUFACTURERS USE LOWER GRADE OF FUR

Growing Scarcity and Higher Value of Fine Pelts Reason for Change

Greater utilization of the lower grades of fur skins for manufacturing purposes, is a recent trend of some importance in the fur goods industry. Growing scarcity and increasing value of the finer pelts, are given as the reason for this change. The returns of the fur goods manufacturers for 1925, as compiled by the Bureau of Statistics, show that many men are wearing coats of goat skin and that women's coats are largely made of muskrat skin.

Furthermore, the Dominion is not so dependent in regard to raw materials as one would be led to believe by the enormous number of pelts passing through the auction rooms of the different selling organizations scattered throughout the country. The value of furs imported for consumption during the calendar year 1925, for instance, was $9,767,303, 76 per cent. of which were undressed. Most of the furs imported came from the United States. At the same time, Canada exported furs to the value of $17,431,328, nearly all of which is comprised in the item of "fur skins, undressed." Of the total, furs to the value of $10,658,463 went to the United States, $6,513,152 to the United Kingdom, and the balance to other countries.

Output Value Increases

There were 218 establishments in operation during 1925, representing a capital investment of $10,456,789 and giving employment to 2,443, to whom salaries and wages totaling $2,844,341 were paid.

Products made during this period were valued at $14,142,863, an increase over the preceding year of $1,877,492, or 15 per cent. Women's fur coats and jackets comprise the largest item of production, with a total of 49,072, valued at $8,435,183. This value represents 59 per cent. of the total value of output of the industry. Men's fur coats numbered 6,311, valued at $361,098, an average value of $57. This low average is due to the fact that a large number of coats are made of goat skin. Increases over the previous year are shown for all items of production, excepting one or two minor lines.

Ontario Leads

Ontario is the leading centre of the fur goods industry, although Quebec leads in the value added by manufacture. Each of the provinces is engaged in this line of activity, as will be seen from the following table showing the number of plants and value of production:

	Plants	Value of Products
Nova Scotia	1	
New Brunswick	3	$ 54,340
Quebec	76	6,415,263
Ontario	107	6,686,955
Manitoba	15	721,117
Saskatchewan	1	
Alberta	10	173,922
British Columbia	5	68,466

Canadians Are Officers of Real Estate Boards

At the annual convention of National Association of Real Estate Boards, at Miami, Frank McLaughlin, of Chartered Trust and Executor Company, of Toronto, was elected a vice-president at large. William H. Gardner, of Winnipeg, was made a director and was also added to the association's executive committee of seven members.

Butter Production in Alberta

The creamery butter production in Alberta during 1926 was somewhat higher than that in 1925, the estimate for the past season being 20,750,000 lbs. compared with 19,630,000 in 1925. Owing to the fact that the price levels were somewhat lower than the previour year, however, the total value of dairy products will show a decrease.

Saskatchewan Mortgage Pays 2½% Dividend

Saskatchewan Mortgage and Trust Corporation has declared a dividend of 2½ per cent., for the last half of 1926, which is at the rate of 5 per cent. per annum. Dividend is payable Feb. 1.

R. A. Kirkwood, secretary, informs shareholders that decisions of the courts in the Mennonite land sales case have been favorable to the company. A financial statement will be issued in a few weeks, he says, and this will show considerable improvement from the standpoint of the shareholders.

Final Wool Clip Estimate Shows 11,500,000 Pounds

Final estimates for the wool clip of the Dominion for the year just closed place the total at close to eleven and a half million pounds. Of this amount around five million pounds were used locally, the bulk of the clip in Quebec and certain new Canadian settlements in the West never reaching commercial channels. Of the remainder, about 50 per cent., or 3,804,000 pounds to be exact, was marketed on a graded basis through the medium of the Canadian Co-operative Wool Growers. This is a substantial increase over a year ago, when 3,278,000 pounds were shipped to the Co-operative.

Southern Alberta and southern Saskatchewan, where sheep are ranged over the prairies in large bands, are the most concentrated sheep-raising areas in Canada and, consequently, 1,500,000 pounds of the wool handled co-operatively came to Weston from those two sections alone. Every province, except the three in the Maritimes, reported an increase over 1925.

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Boot and Shoe Makers Seek Tariff Changes

Claim British Competition Unfair—Export Market Closed to Domestic Product — Lower Cost to Consumer on Certain Grades

An application by the Shoe Manufacturing Association of Canada for revision of the tariff on boots and shoes, has been forwarded to the Tariff Board and will come up for consideration at the beginning of next month. This application asks, in part: that the British preference on boots, shoes, slippers, etc., be reduced, so as to read, in the tariff schedules, 25 per cent. instead of 17½ per cent. as at present; that slipper cloth of camel hair wool and cotton, imported by slipper manufacturers, be admitted free, all tariffs; that the Customs Act be revised to provide that the value for duty be not less than the cost of production of similar goods in the principal markets of the country of exports, plus a reasonable profit; and that the present limitation of dumping duty to 15 per cent. ad valorem, be repealed, in order to provide a more effective deterrent.

It is pointed out by the manufacturers that there are in Canada between 180 and 190 shoe factories, engaged in the keenest kind of competition and approval of the proposals by the board would not mean any increase in prices of boots or shoes to the consumers; on the contrary, they would make it possible for some of the Canadian shoe manufacturing plants to operate more economically, because of a larger production and competition would ensure that any saving would be passed to the buyers in the form of still lower prices.

British Competition Keen

British manufacturers are cutting into the already limited Canadian market for certain classes of footwear to such an extent as to make it exceedingly difficult for some of the Canadian firms to continue in business. Every pair of imported shoes that is sold in Canada means one pair less of shoes to Canadian manufacture. The market at best is limited and for some years has shown very little growth. Statistics of factory production of machine-made boots and shoes in Canada, based on royalty returns which are considered the most dependable, show that in no year since 1920 has domestic production been as high as it was in the pre-war year of 1912. Canadian factories have produced more than 20,000,000 pairs in a year. With their present equipment and efficiency, they could produce close to 24,000,000 pairs per annum, yet the demand has been such that for several years production has been running at only about 16,000,000 a year.

The leather shoe factories have been operating during the past year, on the average, at about two-thirds of their capacity. Some of the factories manufacturing high grade footwear for men could easily double their present output, practically without any further capital outlay, while the plants manufacturing light felt footwear have a capacity of about three times their present output.

Export Markets Closed

It has been suggested that the Canadian plants could cut overhead expenses and reduce the cost of footwear to the domestic market, by cultivating an export trade. Experience has shown that, if Canadian manufacturers develop any considerable trade in the United States with products that can be made in that country, means are soon found to check importation, either by direct duties or by administrative regulations. The British Dominions also impose a prohibitive tariff and the same applies to South American countries, so that the expense of developing a foreign outlet would be out of all reason.

With Canadian footwear virtually excluded from outside markets by high tariff duties or other special conditions, it is obvious that the Canadian shoe manufacturing industry is dependent almost entirely upon the home trade for a sufficient volume of business to permit its most economical operation.

Careful and conservative estimates indicate that if the British preference be amended so far as footwear is concerned, so as to offset the present handicap on Canadian manufacturers in respect of cost of materials, wages, etc., the Canadian leather and felt footwear factories could supply practically all the requirements of the domestic market without any increase in prices, and that prices for some grades can actually be reduced. The result would be an enlargement of employment, additional business for the tanneries and other related industries, and widespread benefit reaching to every community in the Dominion.

INCOME TAX PROBLEMS

Manufacturing Profit and Selling Profit

By an Income Tax Expert

PROBLEM No. 9.

In the recent Imperial Conference a question arose that applies to all countries as well as within the Empire. It was asked if the country of manufacture is not entitled to a manufacturer's profit for tax purposes in cases where sale takes place outside the country of manufacture.

The conference does not appear to have developed the matter to any marked degree because the representatives of Canada and Australia could not speak on behalf of nor bind provincial or state governments. Canada, however, in a measure has already dealt with the problem.

The problem arises in this way. An English company, for example, manufactures a certain commodity and it is sold. The contract of sale and delivery or payment is effected in Canada. By law such an English company is "carrying on business in Canada"; that is the place where the contract of sale is made; is the place where the profits arise inasmuch as it is declared by British practice that a profit cannot arise by reason of one dealing or trading with oneself. A manufacturing profit so called is a transaction with oneself until actual sale takes place. The profit is the difference between the cost and the purchase price received. The cost includes manufacturing, marketing and selling cost. The whole of the profit therefore arises within Canada, say the British.

Canada Has Changed Law

In Canada though, this question was raised: Why should not the manufacturing profit be taxed exclusively in the country of manufacture and the selling profit taxed in the country of sale? Canada in a measure has already dealt with the problem.

In the case of manufacture abroad but sale within Canada the following legislation was passed in 1924 and made applicable to the taxation period 1923 and subsequent periods:

> "Any non-resident person soliciting orders or offering anything for sale in Canada through an agent or employee, and whether any contract or transaction which may result therefrom is completed within Canada or without Canada, or partly within and partly without Canada, shall be deemed to be carrying on business in Canada and to earn a proportionate part of the income derived therefrom in Canada. The minister shall have full discretion as to the manner of determining such proportionate part."

To appreciate this legislation one must first understand the legal interpretation of the phrase "carrying on business in," which is different from "carrying on business with" a country. The distinction arises through the words "in" and "with."

"Carrying On Business"

Consider first, however, the phrase "carrying on business." It implies that the business must be habitually or systematically carried on and does not apply to isolated actions. Granting continuity of enterprise, the point arises that the carrying on of business or the exercise of a trade, as it is referred to in England, produces a profit once but not twice and if that exercise takes place in the United Kingdom it cannot, as a source of the same profit and gain, also take place elsewhere. Further, the real place where the trade is exercised is the place where the transactions forming the alleged business are closed, in the case of a selling business, by the sale of the commodity. It seems that that is a clear and definite principle. Trading is buying or making and selling and if one is right in supposing that one single place has to be treated as the place where the trade is exercised or carried on it seems that it must be the place where the profit-bearing transactions are closed. After all, this is a much more satisfactory principle than to leave it as a question of fact in each case whether there has been a sufficient volume of activity in conection with the business in any particular place to afford evidence to support a finding that the trade was exercised there.

Consequently, if on behalf of a non-resident, contracts are habitually made in Canada and either delivery of the goods or payment therefor made in Canada, although there may be other unimportant factors such as an office with the name on the door, a fixed address in the country of sale and the name in the telephone book, etc. then the non-resident is by law "carrying on business" in Canada and the total of the profits from the transactions are taxable in Canada and in some cases the making of the contract alone in Canada makes the total of the profits here taxable.

On this law, as laid down by English judges, there can be no manufacturers' profit or profits taxable in the United Kingdom and the same is, or rather was, true in Canada before the legislation referred to hereafter was passed.

Over-Rides Previous Law

If you will read again the legislation quoted you will appreciate why it was worded as it was and the effect of it. It simply over-rides the heretofore existing law as stated above and renders taxable a portion of the profits derived from selling goods in Canada through an agent or employee although the contract, payment and delivery may be closed, made and effected abroad. The essence of the thing is the selling or soliciting in Canada through an agent or employee. In determining this portion the minister clearly would not attempt to tax the whole of the profits arising to the non-resident or foreigner on business so acquired but would attempt to apportion the manufacturer's profit to the country of manufacture and tax in Canada that portion arising from marketing and selling, no doubt allowing for some portion of general overhead.

As to the case of manufacture within Canada but sale abroad, (the reverse of the above,) the following legislation was passed in 1924 and is applicable to the same periods as the section quoted above:

> "Where a non-resident person in whole or in part produces, grows, mines, creates, manufactures, fabricates, improves, packs, preserves or constructs anything within Canada and exports the same without sale prior to the export thereof, he shall be deemed to be carrying on business in Canada and to earn within Canada a proportionate part of any profit ultimately derived from the sale thereof outside of Canada. The minister shall have full discretion as to the manner of determining such proportionate part."

Anticipated Conference Pension

This is consistent with what has been said above and the legislation clearly over-rides the previously existing and accepting law on the matter and creates a statutory form or definition of "carrying on business" and inasmuch as all persons "carrying on business' in Canada are subjected to tax, so are non-residents brought within that phrase on facts which by statutory definition declare them to be "carrying on business' in Canada.

So that from the foregoing on the facts referred to it appears that in 1924 so far as Canada is concerned in respect of goods offered for sale in Canada through an agent or employee or manufactured in Canada but sold abroad, Canada did enact legislation carrying out in part the very principle which was referred to at the Imperial Conference,—namely that there should be a distinction between selling and manufacturing profit, the country the manufacturing or production profit and the country of sale or consumption taxing the selling profit.

Payment of hail losses in 1926 to 5,200 farmers in Saskatchewan by the Saskatchewan Municipal Hail Insurance Association amounted to $1,259,000.

BUSINESS FAILURES DECLINE FURTHER

Better Showing Made in 1926 Than in Past Five Years

A feature of business during the past year was the continuation in the decline of commercial failures, which is attributed to the general stability of economic and political conditions in Canada, as well as to the sounder methods with which business is carried on as the country develops.

The past year is claimed to have been the best in the past five years and this view is confirmed by the total of only 2,087 failures and of only $27,423,437 in liabilities recorded in the Dominion, according to Bradstreets. In the preceding year failures numbered 2,090 with liabilities of $35,505,951. The following table shows business failures of provinces during 1926, with comparative figures for 1925:

	1925	1926
Ontario	613	668
Quebec	749	772
New Brunswick	49	43
Nova Scotia	93	96
Prince Edward Island	5	4
Manitoba	215	195
Saskatchewan	80	59
British Columbia	102	116
Yukon Territory	...	...

Records show that establishments engaged in trade, manufacturing, and agriculture, had fewer failures than in 1925, while logging and fishing, mining, transportation and public utilities and unclassified sections registered a slight increase. Construction company failures remain about the same, while no financial houses went into bankruptcy.

A review of the trend of failures in the past fifty years shows that the failure peaks in the Dominion were in the late 70's, 1896, 1908, 1914 and 1922. In virtually all of these cases, the peak was followed by a long period of progress and prosperity, with a gradually decreasing number of failures. The highest peak occurred in 1922 and since then the swing has been downward, the standing at the end of last year being only slightly above that of 1910.

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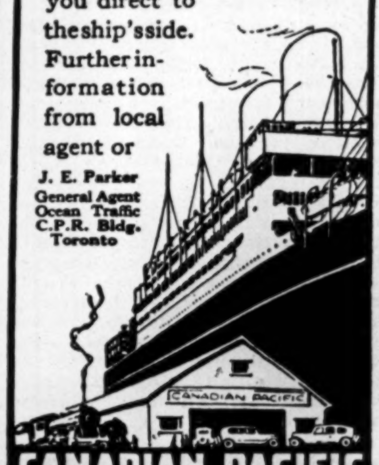

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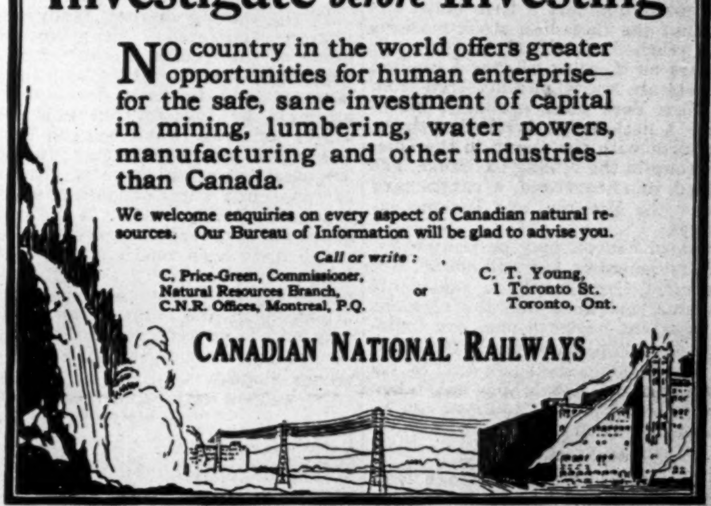

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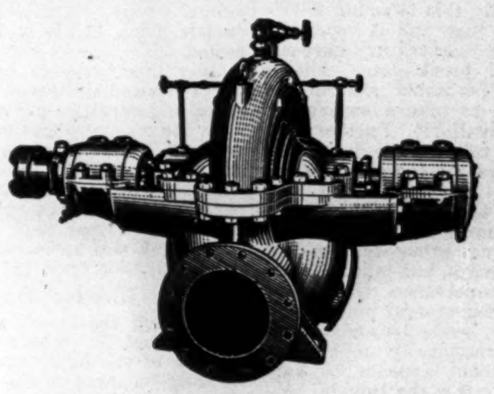

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Stock Market

CANADIAN STOCK MARKET NERVOUS; UNDERTONE GOOD

Some Tendency to React to New York Sensitiveness is Noted

MARKET INDICATOR

20 Industrial Stocks		
Week of Jan. 19	98.0	96.3
Week of Jan. 12	98.6	95.7
Month of Jan., 1926	83.1	76.0
9 Bank Stocks		
Week of Jan. 19	$240	$237
Week of Jan. 12	237	233
Month of Jan., 1926	232	228
10 Public Utilities		
Week of Jan. 19	102	100
Week of Jan. 12	102	99
Month of Jan. 1926	96	91

In many quarters a firm belief exists that the Canadian stock markets have reached a critical juncture. It appears as if, after all, the Canadian markets are not wholly divorced from the New York stock exchange movement. A listlessness developing there, coincident with the slump in the Quebec group in the mining exchange, has induced, or encouraged, a reactionary tone on the Montreal and Toronto exchanges.

This, of course, may be temporary. The fundamentals are still sound. Addresses of Canadian bank presidents at annual meetings and the opinions of important business men are indicative of a hopeful outlook for 1927, and if the stock markets are to reflect these the halt which has taken place in Toronto and Montreal can be of short duration only.

Some Stocks Strong

As a matter of fact, although New York sold off and has been sensitive for some time past, and while this sensitiveness has been accentuated by the Mexican and Chinese situation, substantial Canadian stocks such as Dominion Bridge, Steel of Canada, Montreal Power, etc., have held steady. Interest waned slightly but the shock has been absorbed and the whole list appears to be working itself back into a firm position.

Many brokers, especially those with a New York connection, are trying to keep their accounts in liquid condition. Admittedly this is sound advice at almost any time and is especially good when the markets are nervous. Should a real break come, clients would be in a favorable position and would be able to take advantage of any bargains available. Further, any selling which takes place before an actual break, lessens the effect of the break itself.

In spite of the firm undertone in the Canadian markets, there were surprises. The liquor group, for the first time in some weeks, has taken a place of secondary importance. Gooderham & Worts receded several points on a small turnover, while Hiram Walker moved back fractionally on volume. Industrial Alcohol appears to have found its level after the tumble. Seagrams has been steady on reports that earnings have been excellent. There is also gossip of another amalgamation.

Fish Drops Several Points

B. C. Fish has been very erratic. There was a wide movement on slight trading, with a net loss of seven or eight points in the week. The earnings will not be known to the public until the middle of February. They are believed to be substantial but after the last unfortunate experience everybody is keeping quiet. The question is whether the market will be ready to re-embrace the stock even if the figures are as good as some predict.

Bullish sentiment still hovers about the oil stocks. Imperial, Beacon, International Petroleum and B. A. Oil were centres of attention. Utmost secrecy still guards the condition of this group. Imperial's move on the whole has been impressive and investment buying continues.

Brazilian, now in the 6 per cent. public-utility class, has been a strong spot during the past. The market has not yet fully realized the new status of the stock and material buying is taking place. Complications, misunderstandings and the general vagueness resulting from the new stabilization bill are gradually clearing up and the Brazilian outlook is more healthy.

Canadian Car preferred and common, as well as other equipment companies, are coming to the fore as possibilities for 1927 since there will be material purchases by the railways and utilities which should affect earnings favorably.

Montreal Power, Asbestos and Canadian Canners have been steady.

The bank stocks continue strong, Commerce and Dominion experiencing substantial forward moves.

Mining Market Spotty

In the mining market, many speculators suffered disappointment. Some of the Quebec stocks were off, including Noranda. The selling in this issue is said to have developed on attempts by investors to hold such stocks as Area, which sagged badly. Lakeshore was spectacular and the brightest optimism prevails, although of apparently slim foundation, and on the same slim foundation is the pessimism which prevails concerning stocks which have been receding. The whole Kirkland Lake group appear strong and there are signs that speculative attention in the immediate future may not be concentrated on the Quebec group, as has been the case in recent months.

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	8	1	..	9
Paper	2	9	3	14
Steel	10	10	19	39
Foodstuffs	14	17	10	41
Utilities	6	9	14	29
Tractions	7	2	5	14
Textiles	6	3	7	16
Industrials	12	7	31	50
Total	65	58	89	212

JITNEY CONTINUES TO HURT PORTO RICO TROLLEYS

(Continued from page 1)

end of 1925, compared to 131,088 at the end of 1920. About 800 additional municipal lamps were using the company's power. Appliances had increased from 12,134 to 19,641 in this period.

Over this five-year period, despite the reduction in revenue passenger miles and earnings per passenger car mile, the company was enabled to prevent its ratio of expense per cent. of earnings from increasing materially. Where expenses were 59.85 per cent. of earnings in 1920, the figure was 64.83 per cent. at the end of 1925. This was an increase over 1924, but a reduction from 1923.

Growing Assets

Although the street railroad franchise is not so valuable as formerly in view of the jitney competition, the lighting business of the Eastern portion of the island is controlled and is a growing asset. The lighting franchises are perpetual and the steam-railroad franchise is for 99 years from 1906. It is reported that the company is negotiating with the Porto Rican authorities for an additional power franchise. So far, however, these negotiations have brought results hardly more than negative.

Despite somewhat disappointing returns in recent years, the company has been able to maintain its preferred dividend payments as well as bond interest and to add to surplus. The surplus at the end of 1925 was $794,926, compared with $557,405 at the end of 1920. In the same period other reserves had grown from $1,407,733 to $1,926,706. With current assets of $688,256 and current liabilities of $336,618, the working capital of $351,638, compares favorably with $270,489 at the end of 1924.

	Common		Preferred	
	High	Low	High	Low
1925	46⅝	35¼	91¼	84
1926	56	40	94⅛	85½
1927*	60¼	59	91⅜	90

*To January 18.

Close Newsprint Mill

BOSTON.—The International Paper Company's mill at Franklin, N. H., will close indefinitely on Monday. Only about 75 men are affected. Lack of pulp is the cause of the closing.

D. J. McDougald J. B. McArthur

Government, Municipal and Corporation

BONDS

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9-11 E. Wellington St., TORONTO

Sterling Security Reports are prepared by Registered Professional Engineers

MOIRS EARNINGS EQUAL TO TWICE BOND INTEREST

Before Depreciation and Write Offs Bond Interest Earned Four Times

From Our Own Correspondent.

MONTREAL.—The annual report of Moir's, Limited, Halifax confectionery manufacturers, shows that the present company, which acquired the business at the beginning of 1926, has enjoyed a satisfactory initial year. The net profits, after manufacturing expenses, maintenance charges, selling and administrative expenses, amounted to $260,245, from which was deducted bond interest of $65,000, depreciation of $116,975, organization expenses written off of $12,207, and reserve for 1926 income tax of $5,885—leaving a profit and loss balance of $60,178.

The old company, which was privately owned, did not publish its earnings, but at the time the bond issue was sold by the Royal Securities Corporation about a year ago, it was stated that the average earnings of the predecessor company available for bond interest and depreciation for the four years and nine-months' period, ending December 30, 1925, amounted to $244,392. Thus, the net profits during 1926, figured on the same basis, show an increase of about $16,000 over the average.

Available for Bond Interest

The earnings during 1926 available for bond interest and depreciation amounted to four times the annual interest charges; the earnings after all charges of every kind were in excess of twice the bond interest requirements.

The balance sheet shows a strong working capital position, with net liquid assets amounting to $1,019,891, as compared with $912,105 a year ago. The total fixed assets of the company are carried on the books as $1,945,502, which compares with the depreciation write off of $116,975.

At the annual meeting, the board of directors and officers of the company were re-elected, and the president, O. E. Smith, in his report to the shareholders, said that the accounting, costs and statistical department, as well as the lumber and shook department at Bedford, Nova Scotia, and the sales department, were re-organized during the year under review. Welfare and employment departments have also been created, and a recreation hall and lunch room built, which provides improved accommodation for the company's employees.

THE NATION'S BUSINESS

(Continued from page 1)

that Quebec believes that a necessary condition to the safeguarding of these rights in a nation that is growing more rapidly in the English population than in its French population is adherence to the tradition than that the Mother of Parliaments, independent of Canadian party politics, judicial in its attitude, shall alone change or amend the act of its own creation.

* * *

QUEBEC sees dangers even in a formula that expresses nothing new. It distrusts the tendency to commit to writing, constitutional distinctions that in the past gained strength from being unwritten, yet thoroughly understood, fearing that this tendency is an edging away from the British connection that Quebec considers its chief safeguard. Knowing well the power of sectional influences in Canada, recognizing the anti-French-Canadian spirit that rears its ugly head in Ontario from time to time, seeing the lack of understanding of the French traditions in Canada that is growing in the Western provinces, it fears the possible consequence of Canada being ruled, in constitutional affairs, by the changing whims of majorities under the temporary excitement of false propaganda.

* * *

NEWSPAPER reports of a recent meeting of the civic works committee in Toronto will not add anything to goodwill between the general public and big corporations. Gooderham and Worts, distillers, of Toronto, asked permission to link their fire protection water system, drawing water direct from the highly contaminated bay, with the city water system, which supplies them with water for other purposes. Civic officials opposed the application, fearing the possibility of city water becoming contaminated by the connection. Then, according to a news report, H. C. Hatch, president of the company, said he had consulted with provincial health authorities on the matter and they had assured him there could be no danger. Further, that although by maintaining the connection between the systems, he could be technically contravening the provincial health regulations, they would "wink" at it.

The inference that the general public will draw from such a statement is that large corporations, because of their wealth and influence, can induce government officials to close their eyes to infractions of the law.

The day is past when corporations can treat the law so lightly as to look to enforcement officials to "wink." Canada has suffered in the past from corporations that paid no attention to public rights or feelings; the Toronto Street Railway group and a small coterie of the Canadian manufacturers, for instance. Progressive business administration to-day demands a higher standard of public relations than is shown by a claim that the provincial authorities have been induced to "wink" at an infraction of the law.

Incidentally, Ontario provincial authorities deny having made such a promise.

* * *

ONTARIO'S great demonstration to its retiring lieutenant-governor, Col. Henry Cockshutt, was not more striking and magnificent than Col. Cockshutt deserved.

Particularly, Col. Cockshutt has earned the respect of his fellow citizens by his successful efforts during his term of office, to bring together the diverse elements in provincial life, leading to better understanding between city dwellers and agricultural citizens; between French and English; between employers and employees. At the same time, he has effectively worked to strengthen the Bonne Entente between Ontario, banner English-speaking province, and Quebec, banner French-speaking province.

Col. Cockshutt succeeded two lieutenant-governors, Sir John Hendrie and Lionel Clarke, who each gave constructive business leadership to the province and it is notable that Cockshutt is himself succeeded by a man of constructive business genius, W. D. Ross, who can be depended upon to continue the high traditions established. Hon. Mr. Ross is peculiarly fitted for leadership. No liberal could be more extreme than is Mr. Ross and yet no conservative is more beloved, respected and trusted by his extreme conservative friends than is His Honor.

RAILWAY EARNINGS

Canadian Pacific

Week end:	1927	1926	Change
Jan. 14	$3,275,00	$3,002,000	+$273,000

Canadian National

Week end:	1927	1926	Change
Jan. 14	$4,580,968	$4,258,540	+$322,427

EARNINGS OF DR. A. W. CHASE SAID TO GROW

Druggists Are Among Buyers of Stock in Medicine Company

Earnings of the Dr. A. W. Chase Co., manufacturers and distributors of various patent medicines, lotions, etc., the formulae for which the company owns, are reported on good authority to be holding up well in the fiscal year which ends next April 30th. The company, a little more than a year ago, acquired the business of the A. W. Chase Co., Buffalo, and the Edmunson Bates Co., Toronto, manufacturers and distributors of Dr. Chase's remedies. The business was an old one and the earnings under the old management grew year by year. The new directorate is experienced in the proprietary medicine business and is pursuing what appears to be a sound, yet aggressive policy.

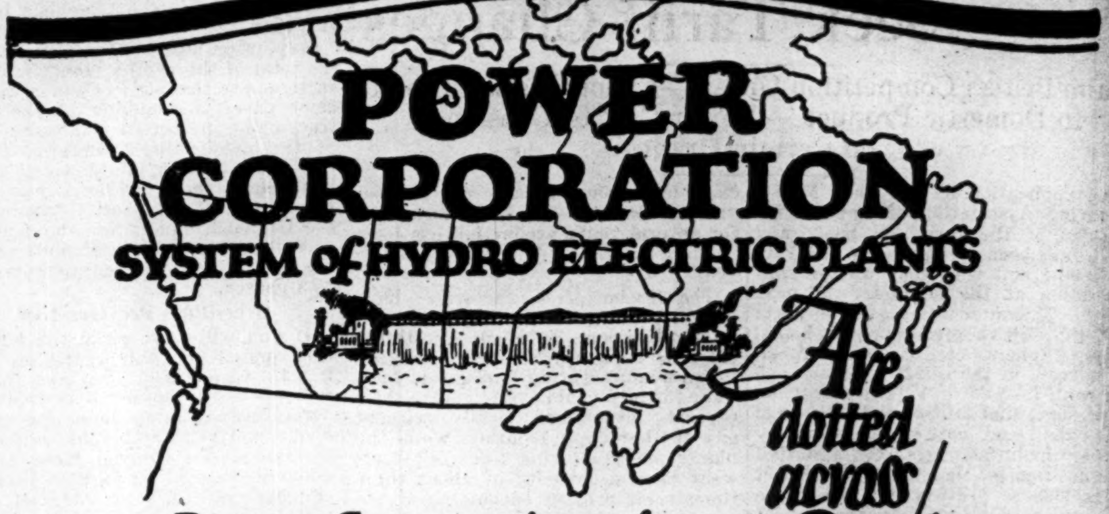
The president of the company is W. J. Stone, son of William Stone, the well-known Toronto lithographer. Ira Bates, formerly president, continues as a director. The other directors are experienced in the same business in the United States.

The stock issued more than a year ago is gradually being sold in Toronto and other places, principally in Ontario. The preferred is an 8 per cent. stock of the par value of $100. The common is of no-par value. The sale of the issue to the public is through an American financing company which has established an office in Toronto. The purchasers have been paying $100 for each share of preferred with a bonus of one share of common. In the earlier distribution, the bonus was two shares of common with each share of preferred.

Officials of the Chase company state that a large number of their shareholders are druggists, who, more than any other class, know something of the public demand for Chase remedies over a long period of years. It is asserted, further, that the earnings will be more than adequate to meet preferred dividend requirements of the full issue and that ultimately there should be profits on the common.

The stock is being rather widely distributed, but the company says that anything of the nature of high-pressure salesmanship has been avoided as unnecessary.

In answer to enquiries The Financial Post from time to time has suggested that this stock should be classed an investment of a somewhat speculative nature to be indulged in by business men who can afford to accept such risks as surround the proprietary medicine business.



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We recommend this security as a conservative investment combining safety with unusual diversification.

Price 96 to yield 6.25%

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An Unique Opportunity Lies Ahead of the Brewing Industry of Ontario

PRODUCTION
—1925—
Ontario
6,225,437
Gallons
(Full Strength)

The introduction of the new liquor laws of Ontario opens a vast field of opportunity to the Brewing Industry of the province.

The Canadian Brewing Corporation, Limited, because of the favourable position it occupies, will be in the forefront in developing this market.

Canadian Brewing Corporation
Limited

is a consolidation of

DOMINION BREWERY CO. LIMITED, TORONTO,
GRANT'S SPRING BREWERY CO. LTD., HAMILTON
HAMILTON BREWING ASSOCIATION, HAMILTON

whose brands have been well known throughout the province for the past 50 years.

"WHITE LABEL ALE" "INVALID STOUT"
"REGAL LAGER" "CROWN PORTER"
"ROYAL ALE" "EAST INDIA ALE"
"EDELWEISS LAGER" "GRANT'S XXX STOUT"
"GRANT'S MALT EXTRACT"

PRODUCTION
—1925—
Quebec
27,369,547
Gallons
(Full Strength)

POPULATION
Ontario
2,900,000

The Company is conservatively capitalized and enjoys capable management. The common stock (there are no Bonds or Preferred Stock outstanding), in our opinion, represent an investment with excellent speculative possibilities.

POPULATION
Quebec
2,400,000

Price $30 per share

Fully descriptive circular on request.

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RESPONSIBILITIES OF INDUSTRY CALL FOR RECOGNITION

Head of General Electric Outlines Program for Business Leaders

By **GERARD SWOPE,**
President, General Electric Company, Before Associated Business Papers.

My conception of industry is that it is not primarily for profiit, that it is for service. If you will look back at the development of civilization you will find that industries have grown up because one part of the community could do a certain job with less expenditure of energy than another. Therefore industry was specialized and the community was glad to reward this service, and that reward we call profit. We know of no better system today than the capitalistic system for rewarding individual effort or corporate effort, and it would be folly to change that system without very grave consideration of what those changes would involve.

Service At Minimum Cost

But the responsibilities of industry to the public are not only for service but also for quality of material that is furnished and, more important than that, that it have not a complacent attitude toward its work but a forward-loking one. The efficiency of any organization is going to be measured not only by its service and the quality of its products but by its continual and progressive reduction in the prices of its products to the public.

That doesn't mean a cut-throat policy but it means the application of intelligence and of science to the problems before us, the introduction of better methods in industry so that without reducing the earnings of labor we can still reduce the selling prices to the public.

Just see what that means, because it brings its own rewards! By reducing selling prices to the public, we are enabled to reach a very much larger circle of the community and therefore to increase our volume of production. This has led to the great success of mass production. It seems to me that it is largely the history of civilization that the great difference between our civilization of today, and the Greeks, is not that the Greeks didn't have some people who enjoyed all the comforts and conveniences. That is what modern industry is bringing to people—a larger participation of an ever-increasing part of the community in the comforts and conveniences that modern industry has introduced into life.

Adequate Compensation To Labor

These are some of the responsibilities and obligations of industry to the public. Going with them, of course, are responsibilities for those who are spending their lives in the industry itself—the employes. At the beginning of the factory system it was perfectly natural that this should be overlooked, that the proprietors should have thought the only way to decrease costs was to decrease wages. We now recognize, I think, quite clearly that nothing we can do will compensate for adequate earnings on the part of the working man, and that the only way to safeguard adequate earnings is to bulwark our employes, our workmen, with power.

The thing that distinguishes modern industry in America from that in England or France or Italy or any other country in the world is the much greater power that we put in back of the working man. I needn't add, of course, that that power should be electrical. But nothing—and let me make this quite clear—can take the place of adequate earnings. It isn't conditions of work, it isn't hours of work. It must be first and foremost adequate earnings for the working man.

High Earnings Not High Costs

And that doesn't mean high costs, because high earnings on the part of the working men are not inconsistent with low costs of production.

The second thing, it seems to me, that we have to do for our working men, particularly if we expect them to give to their work the best that is in them, is to remove some of the worries that always have been attendant upon working men from time immemorial. The first, of course, is the thing that is with us and with all of us at all times—the uncertainty of life. That calls for insurance. It is curious that even among educated people life insurance must be sold, in other words, that people must be educated to the need of it. How much more is that true with people who have never given it much thought, the working man!

It seems to me that modern industry is recognizing this responsibility, not as a philanthropic enterprise, not as something that it is giving to the working man, because the best thought along that line and the one that brings the greatest responsibility to the working men themselves and is most in accord with their own self-respect, is that they should contribute toward the cost. First it is necessary to educate them and then to provide an easy means of insuring their lives so that the tremendous responsibility and doubt of how their families and their children will be cared for when they are gone, is removed. Take away care from a man's mind and he will devote himself whole-heartedly to the work ahead, and do a much better job.

Better Homes for Working Men

The third problem before us is to provide for the working man adequate housing, housing again being brought to him not as a gift, not as a philanthropic measure, but simply by placing before him the elements of it and then allowing him to avail himself of it. This should not be done by having the manufacturer become the landlord, which it seems to me has many undesirable features, but by putting the working man in the right position and by educating him to the responsibilities and opportunities of himself becoming his own landlord. There is nothing that so appeals, especially to the woman of the household, as to feel secure that her home is her own.

It is quite remarkable, and, I suppose that it is true with all of us. I think that is one of the remarkable things in the revolution in Russia—what a tremendous appeal it has made to the peasants to own the land! They will accept almost any system of government that guarantees their continuance in the possession of the land. That is something innate in man, no matter what his station in life, and if we can provide that on a good basis for the working man, we have made a great contribution to his satisfaction and to his contentment.

Thrift and Investment

The fourth problem is the means of thrift and investment. It isn't so much that the man should get rich quickly because there are so many attractive things that are offered to him that sometimes are not realized, but he should invest where the principal is assured and the income is fair and uniform and certain.

If that investment also takes the form of one in the industry in which he is spending his life, so much the better. This, however, has to be done with a good deal of circumspection. You can't expect working men who haven't the experience that many of us have to take the risks involved in securities of industry. To my mind, something else is more appropriate for their investment, even if it means a lesser return.

Over 104,000 Freight Trams To Handle 1926 Business

Close on to 104,000 trains, each consisting of 50 box cars, engine and tender, as well as caboose, were required to move the freight originating in Canada and received from connections during the past year. This is one of the heaviest movements recorded in many years, and compares with 94,406 trains handled on the same basis in 1925, a net increase of 9,420.

Altogether, 3,258,390 cars were loaded during 1925, as compared with 2,989,813 in the previous year. At the same time, 1,932,921 cars were received from connections, as against 1,780,480. With the exception of livestock, all commodities were in greater volume. The uniformly prosperous conditions in the coal mining industry are reflected in the heavy movement of coal, which was about 40 per cent. greater than in 1925.

UNLISTED SECURITIES

	Bid	Asked
Alberta Pac. Grain, com.	18	20
Do., pref.	87	90
Brooks Motor 1 pref. & com.	6	7
Do., 1 pref. & 2 com.	7¾	9
Can. Machinery, com.	4	7
Can. Westinghouse, com.	184	190
Farmers Dairy, com.	62	..
Dunlop Tire, pref.	84	90
Chase, A. W., com.	5	12
Do., pref.	70	80
Fanny Farmer, com.	28	31
Federal Alcohol & Dist.	7	8½
Goodyear Tire, 6% pref.	91	94
Gunns, Ltd., pref.	32	..
King Edward Hotel, Deb. A.	71	74
King Edward Hotel, Deb. B.	62	65
Loew's Buffalo, pref.	50	56
Mount Royal Hotel, com.	6	7½
Nat. Grocers, 1st pref.	95½	98
Nat. Grocers, com.	2	5
Continental Life, 20% paid	42	47
Crown Life	128	..
Empire Life	25	30
Excelsior Life 29% Paid	64	..
Great West Life	415	440
Monarch Life 10% Paid	32	35
Mortgage Discount, pref.	6	6¾
Ontario Equitable	21	25
Re-Insurance	21	25
Security Life 40% Paid	26	31
Sun Life, 75% paid	650	..
Toronto Finance, pref.	3½	4½
Willard's pref.	67	71
Canada Life	650	..
Capital Life 20% paid	19	..
Mount Royal, pref.	47	50

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Brewery Shares Have Proven Profitable Investments

Those who have purchased the shares in the well-managed and efficiently-operated Canadian breweries have received handsome returns in the form of dividends, and in nearly every case have seen the market value of their shares greatly increased.

Toronto Brewing & Malting Co. Limited

is an old-established brewery, located on a very valuable site in the heart of Toronto and having a daily capacity of 400 barrels. The Company is in the hands of experienced management and with the advent of Government Control should easily secure sufficient business to return shareholders handsome profits.

We strongly recommend the purchase of these common shares of no par value at

$12.00 per share

and would be glad to furnish additional information and a descriptive circular upon request.

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MORGAN U. KEMERER
Members Standard Stock and Mining Exchange
29 MELINDA STREET TORONTO

Stock Market Record

WEEK ENDING JANUARY 18

	Div. Rate	Yield Jan. 17	High for wk.	Low for wk.	Close Jan. 18	Close Jan. 11	Sales for wk.	Range, 1926-7 High	Range, 1926-7 Low
Banks—									
Commerce	12+1	5.38	244	233	244	233⅛	150	244	214
Dominion	12+1	5.77	225	223½	225	223½	277	225	207
Can. Nationale	10	6.19	161½	160½	161½	160½	98	170	157
Imperial	12+1	5.90	220	218⅛	220	218	25	220	200
Montreal	12+2	4.79	295	289½	292	290	536	295	251
Nova Scotia	16	5.21	306	302	306	303	125	306½	281
Royal	12+2	5.36	261	260	260½	262	446	270	248
Standard	12	5.85	205	202½	205	202½	105	205	189½
Toronto	12	5.07	238½	236	236¾	236	71	238½	213
Paper—									
Abitibi, com. (no par)	5	5.78	88½	86	86½	87	2992	98	70¼
Do. pref.	7	6.08	115	115	115	116	2	116	106¾
Belgo-Can., pref.	7	6.82	102½	101⅝	102	102	998	102½	95¾
Brompton (no par)	50c	5.88	34¾	33½	33½	34¼	1717	38¼	26
Laurentide	6	5.63	109½	105¼	106	108¼	2023	118¼	81½
Price Bros., com.	2	3.23	63	61½	61¾	62	1017	76⅝	57
Do. pref.	6½	6.43	101	101	101	101	10	103½	95
Prov. Paper, com.	6+1	6.08	116½	115	115	116	22	117	100
Do. pref.	7	6.54	107	107	107	105¼	30	107	100
Smith, Howard, com.	.	...	62	61½	61½	64	155	67	38
Do. pref.	8	7.69	104	104	104	104	40	106	92¾
Span. River, com.	7	6.89	104¼	101	101½	102	1475	114¾	96½
Do. pref.	7	6.08	115	114	114½	113	435	120	108
Wayagamack	$3	5.71	53½	52½	52½	54	190	59½	52
Steel and Steel Industries—									
B.E. Steel, com.	.	...	¾	¾	¾	1	5	3½	¼
Do. 1st pref.	.	...	..	...	...	...	...	30	9
Do. 2nd pref.	.	...	2¾	2¾	2¾	2¾	70	10¾	1
Can. Car. & Found., com.	.	...	50¼	49	50¼	49	1000	50¼	33
Do. pref.	7	7.60	92	91	92	91	1473	92	73
Can. Fairbanks	.	...	..	...	...	...	...	80	60
Can. Forgings, com.	.	...	..	...	...	...	...	17	8
Do. pref.	.	...	66	66	66	70	25	70	41½
C.G.E., com. (par $50)	.	...	..	...	...	...	...	53	47
Do. pref. (par $50)	7	6.08	57⅝	57	57½	56½	459	60	53½
Canada Iron, com.	.	...	..	...	...	...	...	12	9
Do. pref.	.	...	44	44	44	42	25	44	39
Can. Locomotive, com.	.	...	42	42	42	42	5	42	35
Do. pref.	7	8.18	85½	85½	85½	87	5	89½	73
Dominion Coal	.	...	75	73	75	71½	65	75	40
Dominion Iron, pref.	.	...	5	5	5	5	55	24¾	5
Dominion Bridge	4+2	5.04	121½	117½	118½	121½	1105	122¾	80
Dom. Radiator, pref.	7	6.93	101	101	101	101	18	103½	100¼
Dom Steel Corp., pref.	.	...	22¾	22¼	22¾	23	40	26	10⅝
Ford Motor	10	...	..	...	...	...	...	622	500
Gould Pumps, pref.	7	7.00	100	100	100	100	100	100¼	100
Kelvinator, com.	.	...	12	10½	12	12	335	24¼	9⅞
Do. pref.	7	7.91	89½	88½	88½	88½	21	95¾	88
McKin. Ind., c. (no par)	.	...	21	20	21	21	35	31½	15
Do. pref.	7	7.48	94	93¼	93¼	94	40	97½	87
Massey-Harris, com.	.	...	71	68½	68½	71	841	73	40
Do. pref.	7	6.76	..	...	...	...	...	104	93
N.S. Steel, pref.	.	...	..	...	...	...	...	25	20
Ontario Steel, com.	4+1	6.45	..	...	...	...	...	78½	60
Do. pref.	7	6.84	102	102	102	101½	10	103	98
Page Hersey, c. (no par)	$3	5.17	58½	57	57	58	235	59½	43
Do. pref.	7	5.92	118¼	117½	118	118¼	59	120	100½
Pressed Metals	.	...	36⅛	36	36	35	30	40	30
Do. pref.	.	...	85	85	85	...	50	85	85
Russell Motor, com.	1¼	...	..	...	...	...	...	50	39
Do. pref.	7	7.69	91½	91	91	92	60	93	76
Sawyer-Massey, pref.	.	...	..	...	...	...	...	13	5
Steel of Canada, com.	7	5.82	120¼	117	120	118½	788	120¼	95⅛
Do. pref.	7	5.34	131	130	131	130	46	131	114
Milling and Foodstuffs—									
Arnolds, com. (no par)	.	...	20	19	19	20½	115	26⅝	18
Do. pref.	7	7.95	..	...	...	...	...	92	83
Atlantic Sugar, com.	.	...	30	28	29¾	30	1540	32⅞	22
Do. pref.	.	...	91	90	90	91	135	93	75
B.C. Fishing	5	6.17	84	73	75¼	83¾	3984	108½	57¼
Can. Bak., c. (no par)	.	...	..	...	...	...	...	37¾	26¼
Do. pref.	7	7.10	99	98½	99	99½	125	100	92
Can. Bread, com. (no par)	$2.50	2.70	92	92	92	90½	20	95	53
Do. pref. (A)	7	6.36	110	109	110	108½	16	112	105
Do. pref. (B)	7	6.73	104	103½	104	103⅞	145	108	96¼
Can. Canners, com.	.	...	30	27	30	27½	1544	30	12
Do. pref.	4	5.00	80	78¼	79	79¾	1115	80	60
Canadian Salt	8	6.22	128½	125	128½	125	60	145	123
Christie Brown (no par)	.	...	40½	40½	40½	38	10	63½	31
City Dairy, c. (par $25)	12+1	4.70	87	85	86	87½	535	87½	65½
Do. pref.	7	6.25	114	112	114	115	20	116	107
Cuban Can. Sugar, com.	.	...	4	4	4	5	25	6	3
Do. pref.	.	...	30¼	29	30¼	31⅞	195	37	21
Wm. Davies (A) (no par)	.	...	28	27¾	27¾	28½	125	37¼	27½
Do. (B) (no par)	.	...	..	...	...	...	...	12	9
Dominion Stores (no par)	$2.40	3.58	67½	67	67	65	181	70¼	56
Ham. Dairies, com.	.	...	24	24	24	23¾	115	24	21¾
Inter. Milling, pref.	7	6.60	106	105	106	105	48	106	98½
Lake of Woods, com.	12	7.89	..	...	...	...	...	175	139
Do. pref.	7	6.06	116¼	116	116¼	115½	10	118	115
Loblaw, com. (no par)	$1.00	2.00	50	48½	50	50	108	55	29¾
Do. pref.	7	6.48	108	108	108	105	4	108	100½
Maple Leaf Mill., com.	.	...	..	...	...	...	...	88	50⅛
Do. pref.	7	7.00	101	100	100	101	46	102	90
Ogilvie Flour, com.	5	2.43	205¼	205	205¼	205	115	206	165½
Do. pref.	7	5.73	122	121¾	122	122	111	125	117
Pure Gold Mfg. (no par)	50c	...	20	19½	19½	20	65	23½	17½
Shred. Wheat (no par)	$3	5.35	57	55	56¼	57	276	59	47½
St. Law. Flour, com.	.	...	30¼	30	30	31	95	45	26
Do. pref.	7	8.33	84	84	84	80	10	84	79¼
Viau Biscuits, c. (no par)	.	...	..	...	...	...	...	28	18
Do. pref.	7	8.04	87	87	87	88½	10	89½	85
West. Groc., com. (no par)	.	...	..	...	...	...	...	34½	24
Do. pref.	7	9.33	75	75	75	77½	117	80	62
West. Can. Fl. c. (no par)	$1.40	5.82	24¼	24	24	24	451	25	18
Do. pref.	6½	6.31	103	103	103	100	5	103	97¾
Utilities—									
Bell Telephone	8	5.75	142	137	139½	141½	1496	142½	136
Calgary Power	.	...	..	...	...	...	...	52½	47
Cedar Rapids	3	...	..	...	...	...	...	50	40
Consumers Gas	10	5.78	174	173	173	173	253	183⅞	170
East Koot. Power	.	...	29¼	29¼	29¼	28	5	33	25
Inter. Util. (A) (no par)	87½	...	28¼	28	28	29½	200	38½	28
Jamaica Pub. Ser., pref.	7	7.14	98	97	97	97	112	99½	96
Laurentide Power	5	4.16	..	...	...	...	...	130	100
Mackay, com.	7	5.83	123	119	120	123	696	138½	119
Do. pref.	4	5.63	71	70	71	70½	256	73½	68¾
Mexican Light, com.	.	...	31	29	31	27	131	33	27
Do. pref.	.	...	..	...	...	...	...	86	64
Mont. L. H. & Pr.	2	2.89	69	68½	68¾	69¼	2605	75	59
Mont. Teleg. (par $40)	8	6.40	50	49¼	50	50	15	51½	47
Ottawa & Hull Pr., com.	.	...	..	...	...	...	...	30¾	25
Do. pref.	7	7.21	97	97	97	97	10	97	97
Ottawa L. H. & Pr., com.	6	5.94	..	...	...	...	...	101	92
Do. pref.	6½	6.31	103	103	103	103	10	105½	100
Quebec Power, com.	6	3.03	199½	193⅛	196⅞	198	1780	200	118
Do. pref.	7	3.57	..	...	...	...	...	200	109½
Shawinigan	8	3.00	267	265	266	266½	569	275½	167½
South. Can. Pr., com.	2	2.24	89	89	89	89	169	98	81
Do. pref.	6	6.00	100	100	100	101	28	104½	99
Nor. Mexico Pr., com.	1	...	45	42	45	42	70	55	40
Do. pref.	7	8.43	..	...	...	...	...	85	80
Transportation—									
Can. Pacific Rly.	10	5.97	168	167	167½	167¼	132	169½	147
Can. Steamships, com.	.	...	38	35	37¾	37¼	1650	39¼	29½
Do. pref.	.	...	84⅞	83	84	84½	2752	85½	75
Do. voting	.	...	35	34	34½	35	505	35	11
Tractions—									
Barcelona (par $50)	.	...	39	37½	38	37	475	40½	26
Brazilian, com.	6	5.58	108	105	106¼	107¼	38128	123½	80
Do. pref.	6	5.72	105	104	105	104½	142	108	97½
Detroit Un. Rly.	.	...	..	...	...	...	...	3½	1
Duluth-Superior	.	...	27	27	27	27	90	33¼	25
Illinois Traction, pref.	6	6.00	..	...	...	...	...	100½	96¼
Montreal Trams	10	5.83	171½	169	171½	170	149	190	159
Ottawa Traction	4+1	7.46	67	64	67	64	103	74¼	60
Porto Rico Rlys., com.	1	6.66	60¼	60	60¼	59	110	60¼	40
Do. pref.	7	7.71	90¾	90	90¾	90	65	94⅛	85½
Twin City, com.	5	7.69	65¼	64½	64¾	65	415	79½	58
Do. pref.	7	6.93	..	...	...	...	...	103	101
Winnipeg Elec., com.	1	6.08	65¾	64¼	65	65	2982	66½	45¼
Do. pref.	7	6.86	102	102	102	101¼	2	104	95
Textiles—									
Can. Conn. Cotton, pref.	4	10.81	37	37	37	36	10	49	35
Can. Converters	7	6.93	102	101	101	102	105	104	90
Can. Cotton, com.	8	6.66	120	120	120	115	25	124	113
Do. pref.	6	6.28	99	95⅝	99	95	29	99½	92½
Can. Woollens, com.	.	...	9	9	9	8½	25	9	4
Do. pref.	.	...	..	...	...	...	...	60¼	45
Cosmos Imp., com.	.	...	15½	14	15	15	515	16½	14
Do. pref.	.	...	93	93	93	92½	170	93½	92½
Dom. Textile, com.	5	4.64	109	107½	108	109	1119	109	89
Do. pref.	7	5.83	120	120	120	120	2	122	115
Monarch Knitting, pref.	.	...	..	...	...	...	...	60	30
Montreal Cottons, com.	6	5.45	..	...	...	...	...	115½	102
Do. pref.	7	6.06	115½	115½	115½	115½	10	115½	110
Penmans, com.	8	4.27	187	182¼	182¼	187	30	191	173
Do. pref.	6	5.91	..	...	...	...	...	104½	100¼
Wabasso Cotton	4+50c	4.09	110½	105½	110	105	530	110½	60
General Industrials—									
Amer. Sales, c. (par $20)	4	5.88	68	67	69	69	80	72½	54
Do. pref.	7	7.14	98	98	98	98	44	98	92
Asbestos Corp., com.	.	...	23¾	22¾	23¼	23¾	1671	25¾	16½
Do. pref.	7	8.40	83¼	82¾	83	83	567	87	62
Building Products, pref.	7	7.48	93½	93½	93½	92½	10	94	83
Brant. Cord. pf. (par $25)	8	9.09	22½	21	22½	22½	603	27½	21
Burt, F. N., com.	12	5.08	59½	58½	59	59	276	67½	50
Do. pref.	7	3.33	..	...	...	...	...	210½	210⅛
Canadian Oil, com.	5	4.76	..	...	...	...	...	105	65
Do. pref.	8	5.98	117	117	117	115¾	33	120	113
Canada Cement, com.	6	4.56	132½	131	131	133½	1084	135⅞	98
Do. pref.	7	5.87	119¼	118½	119¼	118½	32	120	113
Dom. Rubber, pref.	7	8.75	..	...	...	...	...	87½	80
Can. Ind. Alc. (no par)	$1.28+20	5.82	22½	21¼	22¼	21⅞	6163	34¾	16¼
Crow's Nest Coal	6	9.02	66½	65¼	66½	65½	120	85	51
Dom. Glass, com.	7	6.48	108	106	108	106	1473	108	81
Do. pref.	7	6.25	112	112	112	112	10	113	103
East Theat., c. (par $25)	.	...	..	...	...	...	...	30	18¾
Do. pref.	7	7.44	..	...	...	...	...	95	83
Famous Players, com.	.	...	..	...	...	...	...	21	11
Do. pref.	8	8.42	95½	94	95½	94	545	95½	88
Gilman, com.	6	4.91	..	...	...	...	...	127½	104½
Do. pref.	7	5.38	..	...	...	...	...	131	113½
Goodyear Tire, pref.	7+3½	7.21	97½	95½	97½	96	127	99¼	85
Holt Renfrew, com.	.	...	..	...	...	...	...	50	26
Do. pref.	7	7.77	90	90	90	85	10	92	84½
King Edward Hotel	.	...	25	22½	25	21	175	25	20
Lyall Construction	.	...	36	35¾	36	33	145	48	20
Loew's, com.	.	...	..	...	...	...	...	40	36
Do. pref.	7	6.86	102	100	102	100	17	102	90
Nat. Brew., c. (par $25)	4	6.10	66	65¼	65½	65¾	1121	72	56
Do. pref.	7	6.42	..	...	...	...	...	110	101¾
National Brick, com.	.	...	8	8	8	10	10	12½	8
Do. pref.	7	10.29	..	...	...	...	...	72	60
Pacific Burt, com.	6	6.70	89½	88½	88½	88½	15	110	88½
Do. pref.	7	6.54	107	106½	107	108	20	110	102
Port Hope Sanitary, com.	3	2.30	130	125	130	129	19	130	74½
Do. pref.	7	7.77	90	90	90	106	10	106	90
Rogers, Wm., com.	.	...	70	64	70	70	72	70	45
Do. pref.	7	7.40	94½	94½	94½	92	14	100	90
Sher.-Williams, com.	6	4.19	..	...	...	...	...	148½	125
Do. pref.	7	5.88	120½	119	120½	120½	35	120½	110½
Sterling Coal	4	...	..	...	...	...	...	43	36
Tooke Bros., com.	.	...	..	...	...	...	...	8	8
Do. pref.	.	8.43	83	83	83	83	40	84½	56
Tuckett Tobacco, com.	4	5.71	70	70	70	70	5	73	58
Do. pref.	7	6.66	105	105	105	105	61	105¾	100
Woods Mfg., com.	.	...	45	45	45	45	10	48	38
Do. pref.	7	7.86	89	88½	89	89	25	90	77¾
Standard Chem., pref.	.	...	..	...	...	...	...	9	9
Trust and Loan—									
Central Canada	12+8	...	..	...	...	...	...	210	210
Can. Landed (par $50)	10+1	5.85	..	...	...	...	...	100	90
Can. Permanent	12	5.50	220	218	218	220	10	221	202¼
Colonial Invest.	6	...	7	7	7	6½	5	7	4
Huron & Erie	7+½	5.45	..	...	...	...	...	137½	127½
Landed Banking	9	5.59	161	161	161	159	2	161	150
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	50⅛	50
National Trust	12	4.70	..	...	...	...	...	255	232½
Do. Rights	.	...	25	24	24	24	243	25	20½
Ontario Loan (par $50)	11	4.95	..	...	...	...	...	111	103½
Real Estate Loan	7	7.36	..	...	...	...	...	95	83
Toronto Gen. Trusts	12	5.45	220	220	220	220	4	225	220
Toronto Mtge. (par $50)	10+1	5.44	101	101	101	100	83	101	93½
Union Trust	7	6.79	..	...	...	...	...	105	98
THE CURB MARKET									
Andes Pete	.	...	..	...	...	...	...	6⅝	6⅝
Attendu Engine (par $1)	.	...	32	29	29	31½	675	43¾	7
Beacon Oil	.	...	19¾	19	19	19¾	1200	21	14¼
Belding, com.	6	6.81	88	84	86	85½	60	88	75
Do. pref.	7	6.86	..	...	...	...	...	102½	92½
Br. Am. Oil (par $25)	10+50c	3.02	82¾	81	82	81¾	1185	86	47
Do., new	.	...	21	20	20¼	20¾	2930	22	20
Brew. & Distil. (par $5)	.	...	5	4¾	4¾	5¼	250	5¼	4¼
Can. Nor. Pr., c. (no par)	.	...	52	50	51	42¾	35	52	28
Do. pref.	7	7.10	99¼	98½	99	99	45	99¼	89¼
Cockshutt, pref.	4	5.33	75	73	75	74½	185	83⅞	57¾
Continental Oil	$1	...	22¼	22¼	22¼	22	10	26	17⅞
Cosgrave Brew. (par $10)	5	6.66	7¾	7¼	7½	7⅞	970	9	5
Cooksville Shale Brick, c.	.	...	10¾	10¾	10¾	11	42	10¾	10¾
Do. pref.	1	...	50½	50½	50½	...	10	50½	50½
Dom. Engineering	$3	2.14	..	...	...	...	...	150	65
Dom. Power, pref.	7	6.98	..	...	...	...	...	101¼	101¼
Dryden Power (no par)	.	...	12	12	12	11½	180	12	5½
Eastern Dairies (no par)	.	...	21	20¾	21	20½	225	21	15½
East. Engineering	.	...	..	...	...	...	...	2½	1
Eng. Elec., com. (no par)	.	...	16	15	16	15	10	24½	15
Do. pref.	.	...	75	75	75	72½	5	75	59½
Fraser, pref.	7	...	..	...	...	...	...	94½	94½
Good. & Worts (no par)	$1	2.22	46	44	44	46	1425	48¼	27¼
Hiram Walker	.	...	33¼	31¾	32	31⅞	9571	34⅛	28½
Illinois Power, pref.	7	7.10	98½	98	98	99¾	12	100	95
Imperial Oil	$1.25	3.01	40¼	38⅞	40	39	15397	40⅛	32¼
Inter. Petroleum	75c	2.24	33⅜	32	33⅜	32	2165	35¼	29¾
Imp. Tobacco, c. (par $5)	6	...	7⅛	6⅞	7	7	2010	7½	6⅛
Manitoba Power (no par)	.	...	58½	57	57	58	47	58½	24
McColl, com.	80c	3.33	24½	23⅝	24¼	24	98	25	18⅞
Do. pref.	7	6.96	100½	100⅞	100½	100	35	100½	95
Newsprint Corp.	.	...	..	...	...	...	...	27	18
North Star Oil, com.	.	...	..	...	...	...	...	130	75
Do. pref.	7	...	490	490	490	490	1400	495	450
N.S. Car., com.	.	...	20½	20½	20½	23	10	23	7½
Ott. Mtl. Pr., c. (no par)	.	...	19½	19½	19½	19	25	20	18
Do. pref.	7	7.21	..	...	...	...	...	48½	48
Ottawa Riv. Pr. (no par)	.	...	26	26	26	25	62	26	25
Paton Mfg., com. (no par)	.	...	..	...	...	...	...	55	50
Do. pref.	.	...	100	99	99	99¾	110	100	75
Power Corp., c. (no par)	.	...	28½	28⅛	28½	28¾	285	29¼	22
Do. pref.	6	6.25	96	96	96	96	21	96	92
Port Alfred, pref.	7	7.29	96	96	96	...	50	96	96
Quebec So. Pr. (no par)	.	...	..	...	...	...	...	25	25
Seagram (no par)	.	...	17¼	16⅛	16⅞	16⅝	7077	18	14½
Simpson, Robt., pref.	6	6.03	..	...	...	...	...	102	99
Sovereign Secs. (par $5)	.	...	..	...	...	...	...	210	150
St. Law. Paps, c. (no par)	.	...	52	51	51	52	80	60½	35
Do. pref.	8	7.44	107½	107½	107½	107	15	109½	103¾
St. Maurice Power	.	...	9½	96	96	96	85	101	72½
St. Maurice Power	.	....	96	53	53	56	642	65	40
Do. pref.	7	7.36	95⅝	95	95	95	140	95⅝	95
Toronto R.S.	.	...	..	...	...	...	...	195	110
United Secs., com.	.	...	51	51	51	51	14	65	50
Do. pref.	6	5.74	104⅜	104¼	104¼	104	25	106	102
Volcanic Oil	63c	...	38	38	38	38	20	38	26
Venezuelan Pete. (par $5)	.	...	..	...	...	...	...	7¼	7¼

"Brains, my boy."

A friend asked Turner what he mixed his colours with to get such vivid effects.

Turner answered, "Brains, my boy."

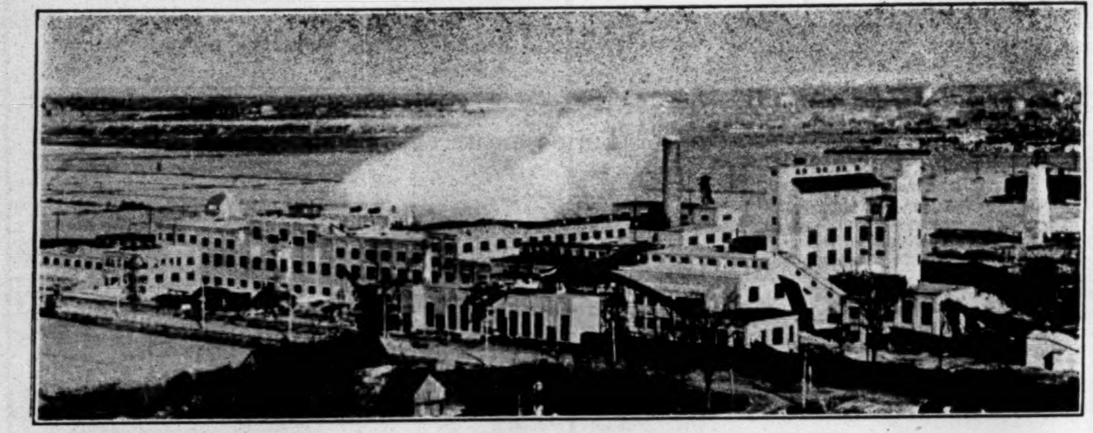
In painting word pictures of the things my customers sell, I endeavour to mix my vocabulary with brains.

You may never know how well your product can be advertised until you retain me to advertise it.

Thornton Purkis
Sales and Advertising Counsellor

Northern Ontario Building
330 Bay Street, Toronto 2
Telephone: Adelaide 6222
And at 164 St. James Street,
Montreal.

St. Lawrence Paper Mills Plant at Three Rivers



The picture shows the mill after the completion of the extension to the plant which increased the newsprint capacity from 150 tons to 325 tons daily. The two new machines went into operation about a month ago. Photo by courtesy E. G. M. Cape and Co.

Pulp & Paper

Canada World Reserve Against Big Shortage of Paper for Printing

But That is Reason for Conserving Our Forests

NEWSPRINT MARKETS

If Rest of World Matches U.S. Paper Consumption, Forests Would Not Last Long

It is significant that certain of the Canadian provincial governments are seriously considering the advisability of not immediately opening up further forest reserves for the pulpwood industries but to hold them against future requirements. The truth of the matter, states the Natural Resources Intelligence Service of the Department of the Interior at Ottawa, Canada, is that pulpwood supplies are getting too scarce and too valuable to be disposed of without very serious thought. By exercising a little patience and caution it is felt that these resources can later be utilized under terms much more advantageous to the public domain. Then, too, there is also the fact to be considered that the time is coming when some of the operating pulpwood industries in Canada will require new limits to make up for the depletion of their existing reserves from cutting, disease and fire.

Nor do other countries offer much promise of relief in the matter of pulpwood supplies. Lord Rothermere, head of a syndicate of great British papers, stated recently that no other part of the world except Canada offers a compensating surplus. The only unexploited pulpwood areas are in Russia. but even there the water power required to grind the timber is lacking, so that the Russian forests are not at present a practical source of newsprint supplies.

Market For Paper Broadening

With the outlook as regards world sources of newsprint supply apparently somewhat uncertain and with conditions in Canada so favourable for its manufacture, it is not surprising that there is a veritable stampede of the publishers of the great daily newspapers of the United States and Great Britain to obtain timber limits in Canada and engage in production of newsprint so as to safeguard their supply in years to come. With Canadian pulp and paper mills now working at 99 per cent. of capacity those publishers not controlling a supply are signing yearly contracts, and to meet demands in sight many new paper mills are being built and the capacity of the established mills enlarged.

Without striving for wider markets there would appear to be ample business to keep all the Canadian plants operating at capacity and yet Canadian paper is already making its way into many overseas markets. Canada is exporting newsprint to upwards of twenty countries and is already dominating the market in some of these. It is significant that as compared with 1924, exports of Canadian-made paper in 1925 to Argentina increased 13 times, to Australia nearly 14 times, United Kingdom 3½ times, Cuba 8½ times. Exports to New Zealand and Africa also showed large increase.

Huge Export to United States

The outstanding feature in the world's consumption of newsprint during the past few years has been the phenomenal increase in per capita consumption of the United States. Last year it required almost 3,000,000 tons out of a total world production of about 5,000,000 tons to satisfy the prodigious appetite of the great printing presses of the United States. Of this amount Canada supplied 1,320,600 tons or about 45 per cent. of the manufactured commodity. In addition Canadian pulp mills supplied 823,857 tons of mechanical and chemical pulp and 1,423,502 cords of pulpwood or sufficient wood to manufacture about 1,080,000 tons of pulp. Statistics are not available as to how this raw and semi-manufactured material was used but had it all been manufactured into newsprint it would have produced about 2,000,000 tons. No doubt some of the material was used for manufacturing book paper. paper boards, wrapping paper, etc., but the fact remains that Canadian forests supplied more than sufficient pulpwood to supply the entire newsprint needs of the United States in 1925, and it is becoming increasingly apparent that the publishers of the great United States dailies are depending on Canada's forests to supply the almost unsatiable capacity of these newspaper readers for their morning, noon and evening ration of news.

What If Others Develop Use?

What would be the effect on Canada's pulp and paper industry if the Chinese, Russians and East Indians cultivated the news devouring appetite of Americans? And what of the ever increasing use of the newspaper as an advertising medium. The per capita consumption of newsprint in the United States grew from 25 pounds in 1910 to 52 pounds in 1925 and what the maximum consumption of the future will be no one knows. The rest of the world in 1925 averaged only 2½ pounds per capita. On the 50-pound basis for all countries nearly 40,000,000 cords of pulpwood annually would be required. Canadian forests could supply the world under such conditions for possibly about four years. The provincial governments can therefore well afford to conserve their pulpwood assets.

To Build Rayon Pulp Mill in Coast Province

Construction of a large pulp mill on Poplar Island, New Westminster, B.C., announced last summer, will be proceeded with definitely, following an announcement of management re-organization by the Canadian Rayon Pulp Co.

J. J. Herb, New Westminster, president of the Westminster Paper Co., Ltd., has been chosen president of the new company, and the following are directors: E. A. Riddell, manager of the Westminster Trust Co.; Nelson S. Lougheed, president of the Abernethy-Lougheed Logging Co.; Charles H. Lain, owner of the Lain Logging Co. of Vancouver; and H. L. Edmonds, New Westminster, who is also secretary of the new company.

The purchase of Poplar Island from the Indian department of the Federal Government will be completed at a cost of approximately $35,000. It is intended to use the entire island eventually, but in the meantime the first unit will comprise a sulphite plant for the production of pulp and a ground-wood plant. The plant will have a daily output of fifty tons.

Machinery for the plant has been purchased, and will reach the city in the near future.

The company has been capitalized at $2,825,000 and is making an issue of $750,000 fifteen-year bonds of which $150,000 has already been disposed of.

Arrangements have been made for the Westminster Paper Co. and the Sidney Roofing & Paper Co., Sidney, V.I., to take the initial output of the proposed plant.

1927 Rayon Production to Use More Sulphite

From Our Own Correspondent.

MONTREAL.—The estimated production of rayon in the United States in the current year is 80,500,000 pounds as compared with the production in 1926 of 63,400,000 pounds. The world production of rayon in 1926 is placed at 210,000,000 pounds, so that the output in the United States is nearly 40 per cent. of the total.

Dealing with the importance of the rayon industry as a market for chemical pulp, the News Print Service Bureau says: "It is usually figured that a ton of bleached sulphite pulp will make 1,500 pounds of rayon. On this basis the rayon made in the United States in 1926 would require 54,000 tons of pulp. However, cotton linters are also used, so that it is not likely that more than 40,000 tons of bleached sulphite pulp went into rayon in the United States in 1926."

For the current year it seems that the demand for sulphite pulp in the U. S. for this purpose will increase to around 55,000 tons this year. Several chemical Canadian pulp mills are in a position to supply the grade of pulp required in rayon manufacture, so that the expansion of the rayon industry this year should ultimately have a very direct effect upon the sulphite producers of the Dominion. This would be felt, not only by those mills which can supply the grade of pulp required for rayon manufacture, but also by the other chemical mills which would feel the benefit of a larger amount of pulp being earmarked for rayon purposes.

WAYAGAMACK DOES WELL

MONTREAL.—Since the close of its fiscal year on November 30 last, the operations of the Wayagamack Pulp and Paper Co. have been maintained at their previous high level. It is understood that the output of the newsprint machines is being steadily increased and that the output of kraft and kraft products is being maintained, as well as shipments of all grades of the company's output.

Newsprint Production Was Off in December

From Our Own Correspondent.

MONTREAL.—Despite the fact that the capacity of the Canadian newsprint mills was augmented considerably during the month of December, the total output of the mills was slightly lower than during November, and totalled 163,717 tons. The output of the U.S. mills declined from 140,420 tons in November to 135,069 tons in December. Thus for the month, the total output for Canadian and U.S. mills dropped from 305,225 in November to 298,786 tons in December The stocks of newsprint on hand at the mills at the close of December were practically unchanged from at the end of the preceding month and were equivalent to only 2.1 day's average production. From the latter figure, it can be seen that the demand is keeping up with the output.

During 1926 the Canadian newsprint mills produced 1,881,737 tons of newsprint as compared with 1,686,695 tons in the United States, which shows a remarkable gain over 1925 when the production of both countries was practically the same. During 1926 it is significant also that the mills on this continent are operated at 96.1 per cent. capacity as compared with only 91.6 per cent. in 1925.

Clothes and Paper

John Hetherington Smith's Tuxedo is the best suit of clothes he owns—but he doesn't wear it to church. Nor did he wear his furnace clothes to the New Year's party. There's a time and place for everything.

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SAULT STE. MARIE, CANADA
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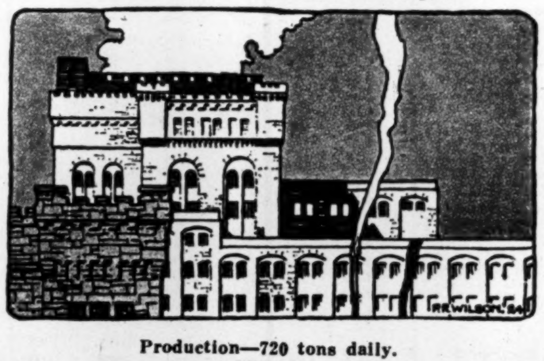

Production—720 tons daily.
Mills at
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Annual Capacity: 150,000 Tons of Groundwood Pulp. Mills at Chicoutimi and Val Jalbert, P.Q.
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Ground Wood - Sulphite Pulp
Wood Boards and Newsprint Paper
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St. Maurice Valley Corporation
Successors to
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St. Maurice Paper Company, Limited, Three Rivers, P.Q.
Yearly Output—195,000 Tons Newsprint
Head Office:
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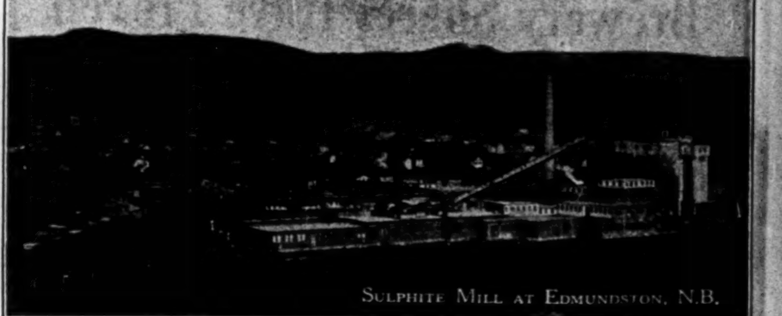

Sulphite Mill at Edmundston, N.B.

Abitibi Power & Paper Company
Limited
NEWSPRINT
Head Office: Montreal Mills: Iroquois Falls, Ont.

Pulp & Paper

(Continued from page 6).

St. Maurice Valley Has Completed Big Program

Eighth Machine at Belgo Finished and Now Turning Over — Corporation Now Largest Canadian Company Producing 1,060 Tons of Pulp and Paper Daily

From Our Own Correspondent.

MONTREAL.—The eighth and last new machine at the plant of the Belgo Canadian Paper Company has been completed and is now being turned over preparatory to feeding in pulp. By the end of the month the new machine will be well into production.

This completes the large expansion program of the St. Maurice Valley Corporation which has extended over many months; the two new machines which have been installed in the Belgo plant at Shawinigan Falls each have a rated capacity of over 100 tons daily and the mill now has a daily capacity of 600 tons.

The Three Rivers plant of the corporation has a daily output of 265 tons of newsprint and its other subsidiary, the Canada Paper Company, produces 50 tons of newsprint daily. Thus the St. Maurice Valley Corporation now has a total daily newsprint capacity of over 915 tons of newsprint —the largest production of any one company in the Dominion.

In addition, the plants produce 15 tons of wrapping and 15 tons of specialties paper daily and there is a marketable surplus of sulphate of 65 tons and of sulphite pulp about 50 tons daily so that the corporation has a total daily output of pulp and paper amounting to some 1,060 tons.

The corporation may be said to operate in three sections. There is its own plant at Three Rivers which it owns outright; there is the Belgo Canadian Paper Company of which it owns practically all the common stock and there is the Canada Paper Company which was acquired at the close of 1926; the parent company owns all the common stock of Canada Paper.

At the close of December, the corporation completed its first fiscal year and the shareholders are awaiting the annual report which will make its appearance about the close of next month. Manv guesses have been made regarding the earnings which the statement will show on the common shares, none of which can be said to be accurate for the earnings on the common will naturally depend on the write-offs which are to be made. A favorite figure which has been mentioned is $8 per share, but it is too early as yet to obtain any confirmation of this amount and the final figures after all write-offs may vary somewhat from $8 per share.

Incidentally, it has always been the habit of those who are interested in the corporation to make very liberal appropriations for reserves; other companies of which Sir Herbert Holt is president have built up their financial structures in this manner with a consequent ultimate benefit to the shareholders.

When the annual report makes its appearance it will contain the consolidated figures of St. Maurice, Belgo and the Canada Paper Company. While the shareholders of the Canada Paper Company have exchanged their stock for shares in the St. Maurice Valley Corporation, the actual taking over of this new subsidiary has not been completed as yet and it will be some time before its operations are finally consolidated under the aegis of St. Maurice.

But the Canada Paper Companv will not be entirely consolidated with the parent organization, for it will always be operated in one way as a separate company because it has a varied output, part of which will have to be handled entirely separately from that of the corporation.

For instance, in addition to its output of paper and pulp which naturally can be combined with that of St. Maurice, it makes and sells annually some 29,000 000 paper boxes, 300,000,000 paper bags and 60,000,000 shipping tags. The company has been doing very satisfactorily of late.

Like its sister company, the Belgo Canadian Paper, Canada Paper has an issue of preferred stock outstanding in the hands of the public. In addition to its own plant and those of its two subsidiaries, the corporation owns also one third of the common shares of the Anticosti Corporation, which owns Anticosti Island and develops the pulpwood there. Part of the corporation's raw materials in future will come from this subsidiary.

The seventh machine at the Belgo plant was put into operation some weeks ago; since that date it has been tuned up and is now operating satisfactorily.

Abitibi Paper Machines Will Average 533 Tons

From Our Own Correspondent.

MONTREAL.—It is understood that the total production of the Abitibi Power and Paper Co. for last year will be materially in excess of the figures which were anticipated early in 1926. It is said that the output will show an increase of around 9,600 tons, as compared with the 1925 output.

The total production, so it is understood, in 1926, was in the neighborhood of 164,000 tons; this works out to an average daily output of 533 tons of newsprint from the plant which has only a rated capacity of 500 tons. In 1925 the production averaged an even 500 tons daily and in 1924 slightly under 489 tons.

Thus Abitibi has increased its daily production by 45 tons a day as compared with two years ago, without any increase in the number of its existing machines. The increased output during the year has added strength to the current rumors which indicate that earnings will be around the 1925 level despite the $5 cut in the price of the output.

Dryden Paper Position is Steadily Improving

From Our Own Correspondent.

MONTREAL.—For some time past the shares of the Dryden Paper Co. have held firmly at 11½ on the Montreal Curb Market and it appears that perhaps some accumulation of the stock has been going on. Dryden's operations are now being carried out more successfully due to the improved market for sulphate pulp and all the receiver's notes have been paid off. This leaves ahead of the common stock the unpaid interest on the bonded debt and the deficit on the working capital account. The market for the company's output of paper and building board is steadily growing. Earnings, it is reported, amounted to around $230,000 in the last fiscal year after bank interest but before bond interest. Current earnings are said to be running at the rate of $25,000 to $30,000 a month. The outlook for the future is the more satisfactory as all indications point to a continued and perhaps increased strength in the sulphate pulp market.

Even presuming the best of markets for its production, the common stock of Dryden appears to be still a very long hold proposition.

Wayagamack Should Soon Obtain Newsprint Profits

From Our Own Correspondent.

MONTREAL.—It is said that the plant of Wayagamack News, the subsidiary of the Wayagamack Pulp and Paper Company, is turning out just over 170 tons of newsprint daily. It seems probable that as the machines have been in satisfactory operation for some time, the current year will see some larger production of newsprint from the subsidiary which can tune its machines up to a figure considerably higher than 170 tons daily. The rated capacity of the newsprint plant is 200 tons and it seems certain that it will be brought up to full capacity this year.

Up to the present, despite the decided improvement in the nosition of the company, Wayagamack has not taken any earnings from this branch of its operations; earnings have gone back into the subsidiary. When once the newsprint mill begins to contribute regular earnings to the parent company, it should make a showing even better than marked the statement for the year ending November 30 last.

Ontario Paper Company Completes Power Plant

From Our Own Correspondent.

MONTREAL.— The Ontario Paper Company, a subsidiary of the Chicago Tribune, has completed its preliminary work on the Outardes River on the north shore of the St.Lawrence by the construction of a power house and the development of 1,200 horsepower from the river. The energy which is now available will be used in the model town which is being built by the company at this point. Further power developments are underway and it is eventually intended to erect a newsprint plant adjacent to the power plants. At the present time, the company operates a mill at Thorold, Ontario; some of the pulpwood requirements of the latter come from the company's limits on the Outardes and the Manicougan Rivers.

KIPAWA BOOK OUT

International Paper Company Tells Story of Sulphite Pulp Making

MONTREAL.—Under the capable editorship of H. C. Scott, statistician of the Canadian International Paper Company, the company has published a well-gotten up book which presents a comprehensive picture of the activities of its Kipawa mill. The volume is well illustrated and gives the complete story of this section of the company's operations.

The Kipawa mill of the Canadian International Paper Company produces sulphite pulp, but it is unique in that it was especially designed and equipped for the manufacture of pulp for making artificial silk and other products of the viscose processes. The output of the plant supplies a large proportion of the sulphite pulp for rayon manufacture in the United States.

U. S. Advertising to be Maintained

MONTREAL.—The ups and downs in the volume of advertising in the United States are of vital importance to the shareholders of the Canadian newsprint mills, for upon the volume of advertising depends the size of the daily newspaper, and upon the size of the paper naturally depends the demand for the output of the Canadian mills.

The national advertising outlook in 1927 in the United States appears to be fairly satisfactory, despite the decline in activity in the automotive field, and the best opinion in the States is that newspaper publishers may expect to see lineage figures keep to their present high level with perhaps an advance as competition between various products grows keener.

GO ON RECORD FOR WOOD EXPORT TAX

Cape Breton County Council Votes "Yea" in Test Vote on Question

From Our Own Correspondent

SYDNEY.—By a vote of 17 to 5 the Cape Breton county council has voted in favor of the proposed provincial export tax of $2 a cord on pulpwood shipped out of the province.

Proponents of the measure predicted that it will lead to the establishment of pulp mills, and that even if it does not the small wood lot owners will be no worse off as they are making little or nothing on their present operations.

The opposition argued that there is not sufficient wood in Nova Scotia to justify establishment of extensive pulp mills, and that the foreign buyers will simply indemnify themselves at the expense of the Nova Scotia producers by deducting the $2 from the price paid the farmers, leaving them that much worse off than at present.

The winning argument was that the proposed tax cannot make things any worse and may do some good, while in any case if it proves unsatisfactory the same legislature that imposed it can take it off.

The vote was requested as a test of public opinion by President Angus MacLean and Secretary Ralph P. Bell, of the Canadian Pulpwood Association. Their recommendation was that the council vote against the export tax; but they urged a decision, whether favorable or unfavorable, so as to assist in bringing matters to a head at an early date, as the Nova Scotia legislature will be meeting within a few weeks.

Laurentide Stock Quiet; Tumult Has Died Away

From Our Own Correspondent.

MONTREAL.—The shouting and the tumult surrounding Laurentide stock has died quietly away and the shares have once more resumed their former levels of around 106. It is now said that both International Paper and J. H. Gundy interests approached the management with offers for the company, but that the bids were not such as to tempt the management. Whether or not this is correct is still unsure, but there are many of those usually well informed regarding the company who insist that the whole upward movement of Laurentide was simply nothing but an extremely clever market manipulation.

Whatever took place, the fact remains that Laurentide is an extremely valuable property occupying a strategic situation in the newsprint industry in the province of Quebec. And while offers may, or may not, have been made recently, there is no doubt that Laurentide has received offers in the past—and no doubt will receive more in the future.

Straw Paper Company Makes Progress in West

From Our Own Correspondent.

MONTREAL.—The Straw Paper Company of Canada is floating an issue of $300,000 7 per cent. cumulative, preferred stock to construct a plant at Edmonton, Alberta, for the manufacture of paper from straw.

Some years ago the Alberta Government, in co-operation with the Dominion Government, investigated the process of manufacturing pulp and paper from straw, and later the province of Alberta brought John Bache Wiig, the inventor of the process, to Alberta to make further investigation into local conditions and has since retained his services to ensure the development of this industry there. Fifteen per cent. of the common stock of the Straw Paper Company of Canada has been issued to the Straw Cellulose Products Company, the company holding the patent rights of the Bache Wiig process in the United States

The company proposes to establish its first plant in the city of Edmonton. In the meantime, steps will be taken to advise the farmers of Alberta not to burn their straw during the winter months, for in the opinion of those interested in the new company, it will require straw early in the summer of 1927. A little later in the present season it is intended to advise farmers to bale and deliver this material to the company.

Pulp and Paper Markets All Seem Satisfactory

From Our Own Correspondent.

MONTREAL.—Despite the fact that informed opinion in Canada believes that there is some weakness in the newsprint market, the Paper Trade Journal says that the demand for newsprint is as strong as ever and that there is a disposition to purchase ahead at the prevailing contract quotations for standard newsprint.

The situation on the groundwood pulp market seems satisfactory, and manufacturers express confidence regarding the future trend.

The market for chemical pulp is steady and it is said that orders are being booked for 1928. Navigation has closed on the Baltic and in consequence the prices of all grades of chemical pulps should tend to strengthen.

WESTERN QUEBEC ADDS LINES

MONTREAL. — The Western Quebec Paper Mills is preparing to go into the manufacture of toilet paper as an addition to its other light-weight paper lines. Although not as yet in production in this line, the company has turned out a sample run, and it is expected that within a short period the manufacture of toilet paper will be in progress on a moderate scale. The investment interest in the company is centred solely in a small bond issue which it has outstanding.

Sewall Cruisers at Work

James W. Sewall, timber cruiser and forester of Old Town, Maine, reports crews out in Newfoundland, Quebec, Nova Scotia and Maine. His concern cruised 2,744,000 acres during 1926, and 1927 is opening well.

Joseph D. Latno is in charge of the present work in Quebec; H. W. Hussey of that in Newfoundland, and B. C. Marsh in Nova Scotia. All are accompanied by various cruisers and engineers, from the home office.

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MONTREAL POWER REPORT TO SHOW MILLION INCREASE

Increased Number of Its Connected Customers by 10,000

From Our Own Correspondent.

MONTREAL.—The annual report of the Montreal Light, Heat and Power Consolidated will be published in a day or two, when it is anticipated that the gross revenue for the year will show an increase of around $1,000,000 over 1925, and thus will be very near the $20,000,000 mark. Last year the company's gross was $18,348,806. During 1926 the company increased the number of its connected customers by about 10,000.

This year, the charges ranking senior to the dividends on the common stock will be increased by three months' interest on the short-lived preferred shares, of which there were some $32,000,000 outstanding and also by a three months' interest on the $30,000,000 first mortgage and collateral bonds which were issued in October.

These interest charges will amount to around $750,000 and compare with total fixed charges last year of $1,213,650. For the current year the interest on the recently created bond issue will amount to $1,500,000.

Due to the changes in the company's capital structure it is impossible to forecast with any accuracy whatsoever the earnings which will be applicable to the common stock. Between 1924 and 1925, Montreal "Power" showed a similar increase in the gross profits, as the forthcoming report will reveal. Based on a similar increase in the net earnings as in 1925, the no par value common shares should show earnings amounting to around $3.25 per share.

Tramways Future Looks Promising

From Our Own Correspondent.

MONTREAL.—While the shareholders of the Montreal Tramways Company can look for the occasional increase in the company's capital stock, coupled with the distribution of valuable rights, the potential value of the shares does not seem to lie only along these lines.

At present, there are many who believe that the population of the island of Montreal will touch 1,500,000 in the next five or six years. In order to handle the increased population of the city, the company has already undertaken the development of bus lines, and this sphere of its activities will doubtless be increased. But for the future, as Montreal becomes one of the really great cities of the world, some radical changes must be undertaken to meet its increasingly difficult transportation problems. Probably some overhead or underground services may be inaugurated. When the time comes for such a development. Montreal Trams will be ready and equipped to carry out any such projects. Thus, when such developments take place, the company may either incorporate new subsidiaries, or perhaps may acquire a new franchise from the city of Montreal, and incorporate an entirely new company to undertake tramways and other services. In either case, the present shareholders would fare well, either through the distribution of securities in a new company or by a very large distribution of rights.

While such developments are undoubtedly well in the future, nevertheless they are a real factor in any effort to determine the values underlying Montreal Tramways shares.

Gatineau Power Installs First of Fire Units

From Our Own Correspondent.

MONTREAL.—The first generating unit in the Chelsea plant of the Gatineau Power Co. has been placed in position and has been turned over in order to ascertain that all the parts are in working order. The company is a wholly owned subsidiary of the International Paper and this first unit was installed just fourteen months after the commencement of construction. This is the first unit of five 34,000 horsepower units which are being installed in the power house which is one of three which the power company is erecting on the Gatineau River.

Ottawa "Power" Considers Possible Extensions

From Our Own Correspondent.

MONTREAL.—The two subsidiaries of the Ottawa Light, Heat and Power Co., the Ottawa Gas and the Ottawa Electric, have made application to increase their capitalization. The Ottawa Electric's present capital is $3,000,000, which is to be increased to $6,000,000. The capital of the Ottawa Gas is $2,000,000; this is to be raised to $5,000,000.

The parent company owns all the common stock of its two subsidiaries and the consolidated operations are contained each year in the annual report of Ottawa "Power." As both the subsidiary companies, so it is reported, are considering expansion, it may be that the holding company will in turn increase its capitalization and offer new shares to its present shareholders. The capitalization of Ottawa "Power" is $1,500,000 in preferred shares and $3,500,000 in common stock all of which is outstanding. Should the parent company desire to issue new stock to its present shareholders, it would have to make application for an increase in its capitalization. But as this has not been carried out, it seems that any stock offering to shareholders is still some distance off. Perhaps, if further financing is contemplated, it might be carried by a bond or preferred stock issue.

Over a million passengers were carried eastbound and westbound across the North Atlantic during the calendar year 1926, an increase of 82,412 being registered over the previous year.

'Peg Electric Makes Dividend Decision

From Our Own Correspondent.

MONTREAL.—The board of directors of the Winnipeg Electric Company meet next week when, so say the rumors, the decision may be made to place the stock on a regular three per cent. dividend basis; interim dividends amounting to 2 per cent. per year are being paid on the shares at present. While an increase in the rate is rumored, there is also every possibility that the directors may in the end decide to defer action until after the completion of the first six months of 1927—or perhaps until the end of the year.

Brazilian Dividend Rate Up to 6%

The anticipated increase in the dividend rate of Brazilian Tractions, from 5 to 6 per cent., was declared at the meeting of the directors in Toronto this week. One and a half per cent. will be distributed March 1st to shareholders of record January 21.

Between March, 1917, and September, 1922, no dividends were paid on this stock, of which there are more than 1,000,000 shares outstanding. In 1922, dividends were resumed at 4 per cent. and this was increased to 5 per cent. at the beginning of 1926.

There was very little stock-market reaction to the announcement of the increased dividend, as the directors' move had been largely discounted.

Brazilian is in a strong financial position. Immense sums have been plowed back into the property in recent years and earnings have been fairly satisfactory despite the uncertain element of the rate of exchange.

National Life Wrote $12,000,000 During Year

A year of growth and progress was reported by A. H. Beaton, president of National Life Assurance Co. of Canada, at the annual meeting of the company held in Toronto this week. New business written and revived during the past year amounted to $12,004,834, bringing the total insurance in force up to $45,830,607. The president commented especially upon the surplus earnings for the year, which total $190,808, being 66 per cent. in excess of the amount earned in 1925 and more than double the amount of three years ago. This increase has enabled the company to pay, or place to the credit of, policyholders during the year dividends amounting to $112,276. The total assets of the company are $7,738,909, and the total income, which now stands at $1,867,581, shows an increase of $200,000 over 1925.

Want Better Insurance Policy Terms for Blind

Stating that a blind person develops a special sense of protection which makes him a much better insurance risk than the man with defective sight, Dr. T. M. Milroy, of the Great West Life Insurance, outlined in Winnipeg the other day the position of life insurance companies with regard to this class of risk.

At present, the high cost of insurance to the blind, practically double the rates paid for ordinary insurance, makes it prohibitive for those so disabled. Two or three American companies and one British company give policies to the blind at the ordinary rate, Dr. Milroy stated, but most of the companies charge a $5 premium on every $100 insurance.

An effort is being made by the blind people of Winnipeg to secure reasonable rates for their insurance.

Public Utility Earnings

NORTHERN MEXICO POWER

Comparative Statement

November—	1925	1926	Incr.	%
Gross	95,769	115,995	21,225	22.16
Net	76,081	96,148	20,067	26.37
Eleven Months—				
Gross	943,052	1,182,128	239,076	25.35
Net	731,817	951,317	219,499	29.99

SOUTHERN CANADA POWER

December—	1926	1925	Inc.
Gross	$131,554	$120,395	$ 11,159
Expenses	42,496	38,319	4,177
Net	$ 89,058	$ 88,076	$ 6,982
	3 mos.	3 mos.	
Gross	$384,660	$347,208	$ 37,452
Expenses	124,168	112,512	11,656
Net	$260,492	$234.696	$ 25,796

B. C. ELECTRIC RAILWAY

Aggr. gross from November—	1925	1926	Incr.
Gross Earn.	$1,009,992	$1,059,400	$49,408
Exp., main.	707,581	728,858	21,277
Net income	302,411	$330,542	$28,131
1st July to 30th Nov., 1926	$4,925,183	$5,155,593	$230,410
Aggr. net from 1st July to 30th Nov., 1926	$1,422,625	$1,466,528	$43,904

MONTEREY RAILWAY, LIGHT

3 mos.t o Sept. 30, 1926—	Gross	†Exp.	Surp.
Railway L & P	$246,390	$250,402	$x4,012
Water & Sew.	70,114	33,055	37,058
Total	$316,504	$283,457	$33,046
Aggr. Earn. from 1st Jan., 1926, to 30th Sept., 1926	$905,396	$837,704	$67,692

xDeficit.

†Including provision for renewals and obsolescence.

WESTERN NATURAL GAS

	1925	1926	Incr.
January	$163,953	$138,443	$x25,510
February	171,679	126,850	x44,829
March	148,335	111,770	x36,565
April	91,602	106,121	14,519
May	61,584	52,898	x8,686
June	43,159	37,018	x6,141
July	34,097	43,725	9,628
August	37,068	40,520	3,452
September	60,562	70,323	9,761
October	117,443	95,064	x22,379
November	144,214	128,039	x16,175
Aggr. Earn. from 1st Jan. to 30th Nov.	$1,073,696	$950,771	$x122,925

xDecrease.

POST-Scripts

THOSE who were privileged to attend the magnificent banquet tendered to Col. Henry Cockshutt, retiring lieutenant-governor of Ontario, in Toronto this week, have now a delightful memory of an exceedingly striking affair, successfully managed and capably staged. Seating 2,000 guests, providing them with a dinner worthy of the occasion, and surrounding the proceedings with a noble atmosphere is a task calling forth the highest degree of ability in marshalling the forces of oratory. cuisine, publicity, music, radio and sentiment. The result was an affair that was a truly memorable occasion.

The atmospheric touches seemed to suggest that it was a master of stage-craft who had planned it. Buglers trumpeting each announcement by the chairman; military band in full dress uniforms; chorus or 70 or more male voices; silver services and flowers bedecking each table; serried ranks of white clothed tables laden with delicacies; amplifiers so that every word spoken could be heard in the farthermost corners of the immense Coliseum; quick service by carefully trained waiters acting with military precision upon the slightest signal of their unobtrusive chief; radio "mike" to carry the messages over two provinces; brevity of the speakers' list; incisive introductions of the chairman; handsome menu brochure that was a souvenir of genuine value; panoramic photograph taken by studio light rather than ill smelling magnesium flash powder; these were no mere happy accidents.

George Wilson, ex-banker and retiring chairman of the Toronto Board of Trade, is given credit for the idea: J. M. McIntosh, the exceedingly able secretary of the Ontario division of the Canadian Manufacturers' Association was the chief worker in the practical side of the affair. He had Alan M. Irwin, assistant secretary, to look after the publicity and radio end

A successful function does not just happen.

Book Reviews

MAKING SCIENCE OF MUNICIPAL FINANCE

Such is Aim of New Work Prepared by Two Civic Research Bodies

Within the last few years several valuable treatises have been written on public finance. These books usually cover the theory and general aspects of the subject and only incidentally touch on financial organization and administration. There is no comprehensive, single treatment of public finance as applied to city governments.

In order to remedy this situation, A. E. Buck, in collaboration with other members of the National Institute of Public Administration and the New York Bureau of Municipal Research, has brought together in one book—"Municipal Finance"—the results of the studies of these two organizations covering more than a hundred surveys of city governments scattered throughout Canada and the United States. Such subjects as the budget and budget making, cost accounting, purchasing, assessment of property for taxation, treasury management, organization of financial administration, debt administration and financing municipally owned utilities, are a few of the subjects which have been thoroughly covered in this volume.

While this book has been written mainly for city administrators, councilmen, financial officers and those interested in the practical side of municipal affairs, it will also be found useful to teachers and students as an aid to a more exhaustive study of the various phases of municipal finance.

This book is published by Macmillans, St. Martin's House, Toronto. The published price is $4.50.

ADVERTISING TO-DAY AND TO-MORROW

Necessity in Modern Life, Says Writer of Little Book Just Published

Even to-day the question is often asked as to who pays for advertising. There are merchants and insurance men and business men of sundry other kinds who declare that their goods or services cost less because they do not spend a lot of money on advertising. If one were looking for a direct, thoroughly well-reasoned analysis of the fallacy that advertising is an expense that raises the cost of goods, one could not find it expressed more clearly than in a little book just published by Gilbert Russell, an Englishman, and called, "Nuntius; Advertising and Its Future."

This is one of a series of small pocket-size books published by a British house under the generic title of "To-day and To-morrow." The series represents a return to the old-style pamphlets, and their modest size enables them to be sold at low cost. It is significant of the part modern publicity has come to play, not only in business, but in the social life of the world, that it should be included as a subject for discussion in a series on the world of to-day.

Mr. Russel's book is a masterly story of present-day advertising, and written for the man who knows nothing of its technicalities. Russell views advertising as a necessity to-day. Published by Musson Book Company, Toronto, at 85c.

Mattagami Payment Soon

MONTREAL.—The date set by the court for the settlement of the purchase payments of the Mattagami Pulp and Paper Company is February 10. By that date the Abitibi Power and Paper Company will have paid over the purchase price, so that, early in February, the bondholders and the debenture holders of the defunct Mattagami Company may expect to receive some definite word regarding the final settlement of their claims.

TORONTO MTGE. HAS ITS GREATEST YEAR

Company Has Twentieth Consecutive Report With No Real Estate Unsold

For the twentieth consecutive year, Toronto Mortgage Company completed its year to December 31, 1926, with no real estate on hand for sale, through default or otherwise. Of the total revenue for the year of $240,530, only $2,326 was outstanding at the close of business. Thus over 99 per cent. of the year's income was received during the year in cash.

Earnings for the year were the highest on record, net earnings being the equivalent of 14.10 per cent. on capital, or 16 per cent. if profit on sale of securities is added. Interest income was $240,530, about $5,000 over last year, and there was, in addition, a profit of $10,267 on sale of securities.

Comparative figures follow:

Profit and Loss

	1926	1925	1924
Earnings	*$250,797	$235,553	$238,882
Interest	95,708	95,754	95,761
Charges	7,082	6,581	6,775
Management cost	26,932	27,042	27,089
Taxes	8,630	10,517	9,347
	$138,352	$139,894	$138,972
Net profits	$112,445	$ 95,659	$ 99,860
Bal. forward	34,887	68,929	48,769
	$147,332	$168,588	$148,629
Distribution—			
Dividends	$ 72,455	$ 72,455	$ 72,455
Bonus	7,245	7,245	7,245
Reserves	.....	50,000	.....
Balance	67,632	34,887	68,929
	$147,332	$164,588	$148,629

Eight Years' Record

Year	Paid-up Capital	†Profits	Div.	% Prof. A. Cap.	Earn. Rate
1926	$724,550	$112,445*	10+1	16.0*	6.9*
1925	724,550	95,659	10+1	13.2	6.0
1924	724,550	99,860	10+1	13.7	6.5
1923	724,550	91,619	10	12.7	6.0
1922	724,550	88,286	10	12.2	5.9
1921	724,550	91,396	9	12.6	6.4
1920	724,550	93,385	9	12.9	6.7
1919	724,550	90,172	8+1	12.5	6.7

*Including $10,267 profit on sale of securities.

Surplus was increased by $33,000 by the year's operations.

Balance sheet shows increased assets, but without striking changes. Mortgages showed some decline, with funds being shifted to government and government guaranteed securities. Debentures outstanding changed little.

Can. Locomotive Retire Block of Mortgage Bonds

A block of $7,500 of the 40-year 6 per cent. first mortgage sinking fund gold bonds of Canadian Locomotive Co., Ltd., were retired during the week through operation of the regular annual sinking fund, at a price of 105 and interest. The issue was originally made in 1911 to an authorized amount of $2,000,000, with $1,316,500 in the hands of the public, which amount was further reduced to $1,298,541 at the end of the last fiscal year, and from this amount 1926 and 1927 funds are taken.

$18,000,000 Program for Bell Telephone

MONTREAL.—It is understood that the 1927 program of the Bell Telephone Company calls for an expenditure of some $18,000,000 for extensions to plant; this figure is about equal to the amount of capital expenditure in 1926. Over the next five years a total expenditure of about $85,000,000 is anticipated. During the current year many extensions both to plant and property will be undertaken in Toronto, Montreal and in Hamilton.

Security Loan Company Adds to Its Debentures

Moderate growth again characterized the year's business of Security Loan and Savings Company, of St. Catharines.

Gross earnings increased from $100,475 to $105,651 and net profits from $53,319 to $54,732.

A very large increase in debentures, from $351,201 to $439,293 is indicated while mortgages have increased from $1,250,356 to $1,319,200.

Profit and Loss

	1924	1925	1926
Earnings	$ 94,348	$100,475	$105,651
Less—			
Interest	23,845	27,067	31,175
Taxes	7,502	7,931	6,321
Expenses	12,059	12,158	13,423
Net profits	$ 50,942	$ 53,319	$ 54,732
Oher profits	156	......	......
Bal. Fwd.	3,972	2,909	3,777
Prem. on stock	420	320	......
	$ 55,490	$ 56,548	$ 58,509
Distribution—			
Dividends	37,581	37,772	37,786
Reserve	15,000	15,000	15,000
Balance Fwd.	2,909	3.776	5,723

Eight Years' Record

	Paid-up Capital	Profits	% Earn.	Div.
1919	$532,300	$47,357	9.1	6
1920	532,300	43,592	8.2	6
1921	532,300	43,707	8.2	6.5
1922	534,700	48,993	9.2	7
1923	536,100	49,575	9.3	7
1924	538,200	50,942	9.5	7
1925	539,800	53,319	9.8	7
1926	539,800	54,732	10.1	7

Royal Loan Profits Down Slightly in 1926

Royal Loan and Savings Company, of Brantford, has issued its annual report for 1926, the last one which will be issued by this company because of its proposed purchase by Canada Permanent Mortgage Corporation.

The statement shows somewhat higher gross income—$206,130, as against $191,920 in 1925—but expenses have increased so that net profits have dropped off slightly from $85,466 to $82,793.

Surplus carried forward amounted to $42,882, as against $42,089 after allotting $10,000 to reserve funds.

Company's total assets have increased and both deposits and debentures increased, showing that the company experienced steady growth during the year.

Midland Loan Adds Nearly $2,000,000 in Loans

Midland Loan and Savings expanded its business somewhat in 1925, and profits showed slight advance. The company had no real estate on hand at the end of the year and collected 99.70 per cent. of its current revenues. An additional $20,000 was added to reserve fund, that fund and the contingent reserve fund now totaling $400,000.

Balance sheet shows considerable change due to increase in mortgages from $1,737,080 to $1,927,435 and debentures from $1.116,921 to $1,267,539.

	1924	1925	1926
Earnings	$137,027	$146,341	$151,683
Less:			
Interest	61,931	69,036	74,508
Expenses	14,627	15,891	15,538
Commissions	634	964	1,568
Taxes	6,915	7,387	6,596
	$ 84,107	$ 93,278	$ 98,254
Profits	$ 52,920	$ 53,063	$ 53,427
Bal. Fwd.	14,453	14,974	15,637
	$ 67,373	$ 68,037	$ 69,064
Distribution:			
Dividends	32,400	32,400	32,400
Reserve	10,000	20,000	20,000
Contingent	10,000	.....	.....
Balance Fwd.	$ 14,973	$ 15,637	$ 16,665

Eight Years' Record

Year	Paid-up Capital	Profits	Div. Av.	% on Cap.
1926	$360,000	$53,427	8+1	14.8
1925	360,000	53,063	8+1	14.7
1924	360,000	52,920	8+1	14.6
1923	360,000	48,459	8+1	13.4
1922	360,000	52,725	8+1⅓	14.6
1921	360,000	50,247	8+1	13.9
1920	360,000	42,768	8+⅓	11.8
1919	360,000	43,606	8	12.1

British Mortgage Trust New Form of Report

British Mortgage and Trust Corporation, formerly British Mortgage Loan Company, of Stratford, but now combining trust company with loan company activities, experienced its best year in 1925.

Report shows new high net earnings at $106,558; an increase in capital stock outstanding of about $14,000; increase of $30,000 in reserve.

Balance sheet is now set up as that of a trust company. Debentures, now labelled guaranteed investment receipts have climbed from $1,598,437 to $1,795,882; deposits, from $1,399,795 to $1,584,692.

Mortgages have increased from $3,410,311 to $1,181,239 on capital account and $2,862,357 on trust account.

	1924	1925	1926
Profits	$ 88,335	$ 92,755	$106,558
Bal. Fwd.	5,288	3,623	16,178
Premiums in stock	......	69,800	15,070
Total	$ 93,623	$166,178	$137,806
Distribution—			
Dividends	70,000	70,000	81,029
Reserve	10,000	80,000	30,000
Contingent	10,000	......	......
Bal. Fwd.	$ 3,623	$ 16,178	$ 26,777

Eight Years' Record

	Paid Up Capital	Profits	Earned Per Sh.
1926	$582 600	$106,558	18.3%
1925	568,900	92,755	18.5%
1924	500,000	88,335	17.6%
1923	500,000	88,854	17.7%
1922	500,000	85,145	17.0%
1921	500,000	70,581	14.1%
1920	500,000	95,552	18.5%
1919	500,000	82,954	16.6%

Schwab Lauds Business Newspapers

CHARLES M. SCHWAB is generally recognized as one of the big industrial leaders in the United States.

He has made a name for himself in the important field of production, finance and salesmanship.

He recently made the following very significant statement:

"I do not believe we could ever have reached our present standards of prosperity in the United States without this development of business journalism. It has established a clearing house of information that keeps workers, employers and the general public in intimate touch with what is going on and with what is being planned. It has taken the mystery out of pioneering industrial work, enabling the workers and the public to share in the great American romance of doing things. When a railroad or a new plant is projected to-day, everybody knows about it from the beginning.

"It all comes back to what I said in the first place — you cannot have prosperity without confidence, and you cannot have confidence without a free and honest exchange of information.

"We're so accustomed to this point of view nowadays that some of us are inclined to take it for granted. We think of it as a condition that came about more or less accidentally, and without special effort by anybody except the direct builders of business. The truth is that we had to be taught from the outside that suspicion and distrust of one another breed bad times, and that the way to prosperity is through good-will, mutual helpfulness and co-operation."

The papers listed below constitute those of the Business Paper Division of the MacLean Publishing Company's publications.

The MacLean Publishing Company Limited
143-153 University Avenue, Toronto

Publishers of

Canadian Grocer
Hardware and Metal
Dry Goods Review
Men's Wear Review
Power House
Canadian Machinery
Canadian Foundryman
Drug Merchandising
Bookseller and Stationer
Printer and Publisher
Sanitary Engineer
Canadian Automotive Trade

DOMINION BANK'S PROFITS INCREASE BY OVER $100,000

Year's Business Responsible for Excellent Improvement in Position

Dominion Bank profits showed very substantial advance in the year just closed. Total of these profits was $1,259,276, an increase of $102,000 from the figure for 1924. In one previous year the 1925 figure was exceeded.

The bank took advantage of its improved earnings to double the amount written off bank premises account the appropriation in this regard being $200,000.

Dividends at $780,000 — equivalent to 13 per cent.—were not increased.

Comparative profit and loss figures follow:

Profit and Loss

	1926	1925	1924
Profits	$1,259,276	$1,156,840	$1,144,082
Pension	45,000	45,000	45,000
Gov. taxes	166,000	167,667	169,332
Premises	200,000	100,000	75,000
	$411,000	$312,667	$289,332
	$848,276	$844,173	$854,750
Dividends	720,000	720,000	720,000
Bonus	60,000	60,000	60,000
	$ 68,276	$ 64,173	$ 74,750
Prev. bal.	964,297	900,124	825,375
	$1,032,573	$964,297	$900,125

The usual features that have been noted in the successively published statements of the different banks are noticed in the balance sheet of the Dominion Bank.

Current loans show a notable expansion the increase being about $6,000,000 after allowance for the fact that advances against documents covering grain and flour, which were last year included in call and short loans in Canada are now put down as current loans.

Savings deposits increased by about $3 500,000.

Immediately Available Liquid Assets

	1926 $	1925 $	Change $
Specie	2,126,813	2,124,660+	2,153
Dom. Notes.	9,161,472	10,346,995—	1,185,523
Note cir. dep.	314,650	314,650	......
Call loans ab.	3,429,154	4,630,708—	1,201,554
Bank bal...	2,806,710	2,938,420—	131,710
Cheques ...	7,998,834	8,567,251—	568,417
Gov. Secs...	15,378,394	17,085,345—	1,706,951
Gold res. ..	1,500,000	1,200,000+	300,000
Notes, bank	886,300	773,100+	113,200
For. Curr. ..	121,030	167,869—	46,839
	43,723,357	48,148,998—	4,425,641
% total assets	34.4	37.9 —	3.5
% total liab. to public	38.6	42.6 —	4.0
Other Assets			
Pub. Secs...	4,808,942	5,280,467—	471,534
Other Secs..	2,751,928	2,918,306—	166,378
Call loans..	9,044,765	*15,558,056—	6,513,291
Current ...	56,731,594	43,085,679+	13,645,915
Elsewhere ..	1,000,256	498,012+	502,244
Non. Curr...	267,871	279,884—	12,013
Premises ...	5,724,241	5,937,823—	213,582
Lets. of cr.	3,397,022	5,888,698—	2,491,676
Mortgages .	38,890	20,286+	18,604
Real Estate.	36,754	71,913—	35,159
Other assets	255,238	245,005+	10,233
	84,057,501	79,784,136+	4,273,365
Total assets	127,780,858	127,933,136—	152,278
Liabilities to the Public			
Circulation..	7,455,572	7,117,396+	338,176
Dom. dep...	19,070,349	19,942,148—	871,799
Savings	79,790,232	76,285,014+	3,505,218
Due banks..	1,738,098	2,628,404—	890,306
Due else....	1,261,229	1,204,407+	56,822
Lets. of cr..	3,397,022	5,888,698—	2,491,676
Bills. pay...	104,652	70,076+	34,576
Other liab...	690,612	592;623+	97,989
	113,507,766	113,728,766—	221,000
Liabilities to Shareholders			
Capital ...	6,000,000	6,000,000	.....
Reserve	7,000,000	7,000,000	.....
Dividends .	240,537	240,072+	465
Balance	1,032,555	964,298+	68,257
	14,273,092	14,204,370+	68,722
Total Liab.	127,780,858	127,933,136—	152,278

* Advances against documents covering grain and flour included aggregating $7,377,599

Ford Opens Retail Store at Ford City

Ford Motor Company of Canada is opening a retail store for its employees, in Ford City, Ont. The company employs up to 6,000 people, who, it is anticipated, will buy most of their goods from the new department.

When the Ford Company decided on opening up the store, they sent out a letter to manufacturers outlining their plan and asked for direct quotations.

Canadian Grocer finds many of the larger manufacturers declined to sell them direct, making the point that the Ford Company sold their cars through dealers and it was their policy to do the same. Some also pointed out that they were using Ford cars in their business for their salesmen and asked if the company would reciprocate and sell them direct. This they declined to do. Many firms, too, stated that it was their policy to distribute only through the jobber and referred the company to the Windsor jobbers. On the other hand, some manufacturers have accepted orders, claiming that the new "commissary" department was the same as a retailer, and since it was their policy to sell direct to the retailer, they did not see why they should not include the Ford Company in their lists.

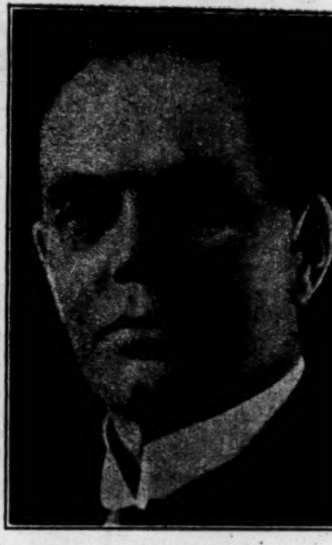
One wholesale firm took the stand that on principle they could not refuse to sell the new outlet since it was a retail channel for food products.

The idea of the company evidently is that employees are to buy what requirements they want, that an account is kept of these purchases and the total amount deducted from the wages earned at pay day. The Ford Company maintain that goods come too high at the stores for their employees and that this plan will be of material help to them, since they are unable to increase wages just now and since the factory is running part time. There are stated to be between 4,000 and 5,000 employees at present.

The plan of the Ford Company of Canada is not new. The U.S. company have been operating food stores in Detroit in connection with their plant there during the past year—as referred to in Canadian Grocer many months ago—and during that time the volume of business is said to have been in the neighborhood of $12,000,000 with a profit of $400,000 or 3 per cent. Goods were not confined, however, to employees in Detroit.

The present plan of the Canadian company seems to include men's wear and dry goods as well as foods. Less difficulty will naturally be found in buying clothing than groceries since unbranded lines are easy to get. Even in the foods the company can purchase all the bulk goods such as vegetables, meats, fruits, bulk cereals, dried fruits, etc., from any source.

Very Optimistic



SIR HERBERT HOLT,
A new photograph of a great Canadian business leader, president of the Royal Bank of Canada, who said at the annual meeting of that institution that Canadian agriculture, basis of our prosperity, was in sound condition.

NATIONAL TRUST HAS $157,000,000 ASSETS ON BOOKS

Increase Shown in Deposits, in Estates and in Accounts

In every respect, the National Trust Company established records in 1926. Expansion in estates under administration, as well as in other assets, enabled a higher profit to be earned. Earnings amounted to $402,647, comparing with $375,693 a year ago. The only substantial innovation in the company's profit and loss account was the appropriation of $50,000 to create an insurance fund, to enable the company to carry its own fidelity and indemnity insurance. Despite this appropriation balance carried forward increased from $167,266 to $186.891.

Comparative figures follow:

Profit and Loss

	1924	1925	1926
Earnings	$358,262	$375,693	$402,647
Income tax	61,769	60,073	63,022
Net profits	$296,493	$315,620	$339,625
Bal. forward	204,540	121,646	167,266
	$501,033	$437,266	$506,891
Distribution—			
Dividends	$270,000	$270,000	$270,000
Off premises....	109,386	....	....
Balance	121,646	167,266	186,891
Insur. res.	....	....	50,000
	$501,032	$437,266	$506,891

Rate of Earnings

Year	Paid-up Capital	†Profits	Div.	% Prof. A. Cap.	Earn. Rate
1913	....$1,500,000	$252,022	10	16.8	8.7
1914	 1,500,000	237,869	10	15.8	7.8
1915	 1,500,000	218,902	10	14.9	7.2
1916	 1,500,000	222,754	10	14.8	7.4
1917	 1,500,000	226,080	10	15.0	7.4
1918	 1,500,000	239,784	10	15.9	7.7
1919	 1,500,000	247,440	10	16.4	8.0
1920	 2,000,000	235,025	11	14.0	7.1
1921	 2,000,000	276,865	12	13.8	6.9
1922	 2,000,000	276,598	12	13.8	6.7
1923	 2,000,000	286,660	12	14.3	6.9
1924	 2,250,000	*296,493	12	13.1	6.3
1925	 2,250,000	315,620	12	14.0	6.8
1926	 2,250,000	339,625	12	15.0	7.2

*Includes $109,386 paid for remodelling head office premises.
†Less taxes.

Assets under administration show a considerable increase, from $143,661,905 to $157,406,427. The increase includes an increase of $12,305,870 in estates, trusts and agency property in the company's charge; an increase of $960,693 in deposits and of $440,230 in guaranteed funds.

Following is a summary of figures from the company's balance sheet, showing the growth in the past twelve years:

	Capital Account	Guaranteed Account	Estates, etc.
1926	$4,820,226	$11,650,140	$140,936,059
1925	4,782,498	10,249,217	128,630,188
1924	4,737,191	9,298,248	124,871,294
1923	4,370,583	7,440,988	114,283,375
1922	4,341,718	5,941,939	102,259,850
1921	4,298,443	5,113,988	93,400,117
1920	4,277,214	5,387,200	84,726,290
1919	3,300,670	5,975,711	79,665,410
1918	3,238,221	6,897,900	69,955,548
1917	3,197,122	7,717,790	65,807,722
1916	3,174,174	7,371,097	58,651,782
1915	3,140,543	6,986,333	49,205,608

ONTARIO CAN HELP STABILIZE PRICES NEWSPRINT PAPER

If it Follows Quebec's New Mills Policy, It Would Help

From Our Own Correspondent.

MONTREAL. — Quebec's speech from the throne, announcing a new policy of restricting the erection of newsprint mills made no mention of a possible newsprint surplus. The government's policy was justified on the grounds of conserving forest resources only.

Unless the Quebec government has the co-operation of Ontario in its policy, it would prove of little use in restricting the output of newsprint so that satisfactory prices may be maintained.

If new Canadian mills cannot locate in the province of Quebec, they will probably locate in Ontario. Thus, to endeavor to stabilize the output and price of newsprint, the co-operation of Mr. Ferguson's government in Ontario would be required. It is understood that representatives of Ontario were recently in Quebec and perhaps the Ferguson and the Taschereau governments are now in as complete accord regarding their timber policies as they are in their water power policies. In any event, the next move in the endeavour to assist this vital industry apears to be up to Hon. Howard Ferguson.

Modest Tariff Demands Made by Coal Producers

N.S. Coal Companies Submit Case to Tariff Board — Ask for No Increase in Bituminous Tariff — But Desire Protection on Coke and Coal Used for Coke

From Our Own Correspondent.

MONTREAL.—Contrary to general expectations, the application of the Dominion Coal Company and the Nova Scotia Steel and Coal Company for increased tariff protection, now before the Tariff Advisory Board, does not suggest a general upward revision of the duty on bituminous coal.

The companies are asking for increased consideration only on a portion of their output. The suggested changes in the tariff are four in number and are as follows:

An import duty on coke.

Cancellation of the 99 per cent. drawback now given on bituminous coal which is turned into coke and used in the smelting of metals.

Cancellation of the 99 per cent. drawback on bituminous coal imported for the manufacture of coke in by-product coke ovens.

An import duty on anthracite screenings, such as are used in steam raising.

Claims are Very Modest

Before the coal companies of Nova Scotia laid their case before the board, it was anticipated that they would ask for an all-round increase in the tariff at present prevailing on coal and on coke. The more modest claims of the companies come as a surprise to those who are preparing to oppose any increases.

The briefs of the companies are now before the board, but, in the meantime, the case has been adjourned until probably late in February, by which date those opposing the increased protection will have had an opportunity to prepare their side of the story.

Several of the coal distributing companies have joined hands in opposing the request of the coal mining companies and, by the time the next hearing opens before the board, other interests, which would be adversely affected by the suggested increases, will also present their case.

Companies' Side of the Story

The Nova Scotia Steel and Coal Company and the Dominion Coal Company ask for an import duty on coke because this product is merely coal in another form—a form which calls for additional expenditure of capital and material—and it is inconsistent to permit the free customs entry of coke, especially as coke is a consolidated and condensed form of coal. As the tariff now stands, foreign manufacturers are enabled to ship into Canada a greater quantitiy of dutiable material than if that material were imported in untreated form.

The coal mining companies make the point that an exact parallel would be obtained by placing an import duty on untreated metallic ores and admitting metallic concentrates free of duty.

The point is also made that in many of the recently erected coking plants in the United States, which have the supply of city gas as a primary object, the coke itself becomes a by-product, and its duty-free admission under these conditions is a serious deterrent to the success of coke manufacture in Canada. It is submitted that coking plants in many American cities adjacent to the border sell their product in Canada at depressed prices, when the fuel demand in the United States is low. This source of supply affords little or no assistance to Canadian needs during a fuel shortage, but is a menace to Canadian coal and coke producers when the fuel demand is low.

Case for Smelter Coke

The second upward revision for which the coal companies are asking is a duty on bituminous coal when it is used to produce coke in the smelting of metals. At the present time coals imported for this use obtain a 99 per cent. drawback and, therefore, enter practically duty free. A duty on this coal would affect the manufacturers of steel and other metals.

The Nova Scotia companies submit that this drawback on coal used for coke employed in steel manufacture is in effect a bonusing of such industries to the extent of the rebate of the duty and that, because no compensating advantage is given to Canadian coal so used, the production of Canadian coal is very definitely discouraged and thereby the main objective of the import duty on coals namely, the encouragement of Canadian coal mining, is frustrated.

No Advantages for N. S.

The briefs made and presented to the board by the Nova Scotia companies go on to indicate that this drawback lowers the production costs of competitors of the Nova Scotia steel producers, and is not offset by similar advantages to the Nova Scotia steel plants, which, of course, are large users of Nova Scotian coals. The Nova Scotia coal companies feel that the drawback on coal for steel making and other metallurgical purposes should either be discontinued, or that the Nova Scotian coal industry should obtain a compensating bonus on the steel which is manufactured from Canadian coals. It is pointed out that the Duncan Commission recommended such a bonus.

The drawback applies not only to steel plants, but to the smelting of nickel, copper, and other metallic ores, as well as to iron foundries, which are not necessarily owners of coke ovens.

As the tariff now stands, it is said that it will greately lessen the ability of the Nova Scotia coal mines to participate in the anticipated market for coke in the Rouyn district of Quebec.

Case for By-product Coke

The third concession for which the coal mining companies are asking is a duty on coal which is used in by-product coke ovens. At present the coal so used is subject to a 99 per cent. drawback and enters practically duty free.

The Nova Scotia industry feels that there seems to be no reason why coal used in gas-retort plants should pay duty, and coal used in gas oven plants should not. The two plants fulfil the same object, and the so-called coke ovens are merely a later technical development of the gas-retort.

It is said that the inevitable replacement of the existing gas-retort plants in Canada by coke ovens will, unless this drawback be withdrawn, lead to what amounts to a general free tariff on coal used for gas-making purposes—a development for which there has been no public demand, but one that will eventually lead to most serious consequences to coal producers in all parts of Canada.

There has been a general desire in Canada, say the coal companies, to relieve the country from a too entire dependence upon imported coal, more especially upon anthracite imported from the United States. If the present drawback be allowed to stand, the companies say that the dependence of Canada upon the United States for coal cannot help but be increased.

Coke Ovens Will Increase

The coal companies feel that the growth of the coke oven in North America and in Canada is a certainty. If, by the free admission of coke into Canada, the growth of coke ovens and of coal mining in the United States is encouraged and the growth of coking plants and coal mines in Canada is discouraged, the revenue of the Dominion will suffer by the diminution of coal imports paying duty, and the increase of coal imports in the form of coke of this type which now is classed as non-dutiable. Canada will be adversely affected through the replacement of coal mining in Canada by coal mining in the United States.

Furthermore, it is said that bituminous coal in the near future will only rarely be burned in an untreated form. If bituminous coal be subjected to a modern form of treatment before consumption—of which the coke oven is merely a forerunner—then the Canadian producer of coal can pretty well despair of the future maintenance of his industry. In other words, eventually the domestic producer will find himself faced by what amounts to practically free admission of coal in the form of coke. This is the stand of the coal companies, which they back by the fact that the modern trend is toward the coking and production of by-products of coal, rather than simply burning the fuel untreated. The time will come, therefore, when a large proportion of all the coal burned will be burned in the form of coke, which, under the present tariff, enters duty free. This is the menace in the present tariff to the coal mines in Canada.

Public Demand a Tariff

The coal companies feel that public opinion in Canada demands a tariff which will be of assistance to the domestic producers and that, if the present situation is allowed to stand, this drawback will in effect amount to what is really no protection on the domestic production of bituminous coals.

The fourth and last concession for which the Nova Scotia coal mines are asking is a duty on anthtracite screenings, which are, as their trade name, "steam sizes," indicates, used for steam-raising instead of, or in combination with, bituminous coal. Canada produces no anthracite, only bituminous coal.

The "steam sizes" of anthracite are, of course, the smaller sizes. The disposal of this part of the U. S. mines' production and anthracite dust, made in sizing anthracite for domestic use, has always been a problem with the anthracite producers, and is becoming increasingly more so.

Anthracite Competition Grows

Thus, the railroads serving the anthracite territories in the United States realize the position of the producers and are doing everything in their power to increase the sale of steam sizes by low freight rates and, in consequence, due to low freight rates and the fact that the producers must sell these sizes at no matter what price, anthracite screenings are brought into competition with domestic bituminous coal.

As this by-product of anthracite mining comes into direct competition with the Nova Scotia coals utilized for steam-raising purposes, the Nova Scotia companies feel that they are entitled to a duty on this grade of coal in exactly the same way as they are entitled to a duty on bituminous coal.

In this connection it is worthy of note that the special committee of the House of Commons investigating the coal resources of Canada reported on June 22, 1926, and advised, among other recommendations, that the duty of 50 cents per ton, now imposed on bituminous coal, should be extended to apply to small sizes of anthracite.

Will Subsidize Line Round Lake St. John

From Our Own Correspondent.

MONTREAL.—In the speech from the throne at the opening of the Quebec legislature last week, the government indicated that it intended to subsidize interests, not yet named, to build a railway line around Lake St. John. Such a project, if carried out, would tend to implement the large industrial developments which are taking place in that territory. Regarding the scheme, the text of the speech says:

"To aid colonization and agriculture in the Lake St. John region, the government also proposes to ask you to vote a money subsidy to a company which will construct and complete the railway around this great lake."

Valuation of Securities

The new year is, of all periods, one of the most opportune times for carefully examining any investments already held.

The valuation of such securities at frequent intervals is one essential which many investors have found to be of very first importance. It may enable the investor to take advantage of a favorable market for the sale of some securities. It may reveal the fact that some securities should be sold as a protection. Early maturing securities can often be exchanged to good advantage.

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SPRUCE FALLS CO. TO SPEND $20,000,000

Bond Issue Probable to Raise Capital Required Above $12,000,000

More than $5,000,000 has been invested by the Spruce Falls Power & Paper Co., at Kapuskasing, on the Canadian National railway in Northern Ontario and at Smoky Falls, about 40 miles down the river from Kapuskasing. Eventually, it is expected, between $20,000,000 and $25,000,000 will be invested there.

The Spruce Falls Power & Paper Co. is owned jointly by the Kimberley-Clark Co., manufacturers of synthetic cotton products, and the New York Times. The product of the plant at Kapuskasing will be newsprint for the New York Times.

These two big interests between them are said to have put aside $12,000,000 for the development, and additional financing will be through a bond issue, details of which probably will be announced in about two months. The paper plant at Kapuskasing is at present served by a small power unit nearby. Last summer, however, the company built a railway line down the river to Smoky Falls, where the main power plant will be located and current transmitted to Kapuskasing.

Fanny Farmer Profits Grow

It is reported that the profits of the Fanny Farmer Candy Shops, the United States sister of the Laura Secord Candy Shops, have increased materially in the last year. About 80 shops are operated in New York City, Buffalo, Rochester, and other cities in New York State and the Middle West. The business was established in Rochester in 1919 by Frank P. O'Connor, who heads both companies.

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TORONTO, JANUARY 21, 1927

BRUCE ON SOCIALISM

AUSTRALIA is known in world financial markets as a nation that has developed state socialism to a high degree. Steamship lines, banking, railways, marketing and other enterprises, best left to private business, have been taken under the wing of the government as public ownership projects.

Apparently Premier Stanley Bruce is not convinced that state ownership is the best method of handling public services. In Toronto, he frankly admitted that governments are the most inefficient bodies in the world in the management of business propositions.

Australia is apparently seeking to make its public ownership enterprises as little burdensome as possible by putting them under non-partisan commissions, responsible to Parliament.

Australia suffers, as does Canada, from a condition of public ownership. And as in Canada all the country can do is make the best of the situation. It has no longer the choice between public ownership and private ownership of those enterprises now publicly owned. It must accept the condition that exists. But the condition that exists there as well as in Canada is traceable to the mistakes of the past and from such mistakes we can learn our lessons.

There are interests in Australia who would greatly extend state ownership and there is a similar opinion in Canada which fails to see what state ownership has cost us in the past and is costing us now.

OUT OF BALANCE

MANY customers think that the Canadian tariff is too high. They reach this conclusion because a few commodities they buy retail are higher than the retail prices of the same commodities in the United States. Perhaps the prairie provinces would not be so imbued with the free-trade idea if there were not a proportionately greater number of former Americans living there who remember vividly the prices of certain commodities below the 45th parallel of latitude.

Some few manufacturers who have been a bit greedy, who have taken full advantage of the protection afforded them under the tariff when that protection was more than adequate, are responsible for the free-trade sentiment that carries such weight in certain political circles.

One who has seen factory after factory shut down or working part time, while importations from other countries, especially from countries with lower labor costs, have been increasing, must come to the conclusion that greater production is needed. This conclusion is inevitable if one is to seek a means of increasing employment even if there is no sympathy for the men whose capital is tied up in idle plants.

The fact is that the Canadian tariff, as the result of long years of tinkering by politicians, is out of balance. Equitable readjustments should be feasible to start wheels turning in idle factories as well as to remove the reasons why consumers of certain other manufactured goods are under the impression that the tariff or some other agency keeps some prices so materially higher than the prices of similar commodities in the United States.

DESERVING SAREHOLDERS

SHORTLY, many industrial corporations will issue their annual statement for the year just concluded. Shortly also, the presidents of the companies will be preparing their annual remarks to the shareholders. In many instances these words to the shareholders will contain nothing more than one or two figures extracted from the profit and loss account or from the balance sheet—figures that those who run may read in any event.

The shareholders of Canadian corporations deserve more consideration than this. At least once a year they are surely entitled to a complete review of the company's operations during the year, and should also be entitled to a more or less comprehensive story regarding the outlook for 1927.

Naturally, in some specialized businesses there are some facts and figures which, through their publication, would prove harmful to the best interests of the shareholders. Broadly speaking, these instances are few and far between, and the best business minds to-day realize that the publication of a complete and comprehensive report is a large goodwill builder for the company which is not afraid to broadcast the complete story of its operations in this fashion.

One example of a corporation such as this is the Canadian Pacific Railway. From the annual report the shareholders can ascertain of what the investment holdings consist and hundreds of other details which are all of interest to the stockholders.

Perhaps the real reason why executives do not give more information to their shareholders lies in the fact that they are too close to the operations of their companies. Probably the executives of many a pulp and paper company fondly imagine that all the shareholders know all about the chemical pulp situation, or the president of many a milling company imagines that all his shareholders understand the milling business and are well acquainted with the export markets for Canadian flour.

Such is not the case; the average shareholder often does not know, and has not the time to find out, many of the major influences which affect the company in which he is interested. At least once a year, through the medium of the annual report, the shareholders deserve to be told all the facts.

PICKS PROPER MEN

THE government of Nova Scotia has appointed a commission of two to visit England to investigate and report upon any and all phases of the fruit industry from the standpoint and in the interest of the fruit-growers of that province.

The commission consists of Eric Leslie secretary of the Nova Scotia Fruit Growers' Association and Professor W. A. Middleton, provincial horticulturalist of Nova Scotia.

The Nova Scotia apple industry has been passing through hard times and the government is to be congratulated on its sympathetic attitude towards the industry and more especially it is to be congratulated in choosing two capable commissioners connected with the industry and who are in a position, if anyone can, to ascertain and to ferret out all the information which will prove of value to the apple-growers of Nova Scotia.

SAFE INVESTMENT TRUSTS

IT HAS been the experience in the older lands that when a country has become an important creditor nation, the investment trust has sprung up. England has hundreds of these organizations, providing the public with attractive, well safeguarded securities for their savings.

Investment trusts have been introduced into this continent since the United States and, to a small extent, Canada began to loan heavily abroad. Most of the investment trusts on this continent have been organized in the United States but there have been some suggestions of this type of corporation in Canada.

The investment trust is a financial organism designed to take moderate sums from many people and invest the total, in small amounts, over a wide area, diversifying, in a geographical sense, as well as between types of securities, as between classes of businesses, etc. The purpose is to give even the small investor the benefits of diversification, of shrewd investment management, and of profit possibilities that he could hardly afford to pay for if he had to put his smaller savings into one or two baskets only.

Investment trusts in Great Britain have a record of highly successful operation behind them. This record of success owes its being to the fact that investment trusts in the old country have been operated along the soundest of lines. No high ranking securities, such as bonds or collateral trust debentures, have been issued without providing the investor with a high margin of security. Investment trust bonds that are a first charge on British investment trusts often have 250 per cent. of assets behind them. The holders of the junior securities in the investment trust have been content with small profits; they have recognized the value of compound interest and have looked ahead many years for their ultimate earnings, counting on a small surplus of earnings to be invested and re-invested to build up a large reserve which can be made to earn large sums on their investment. In the meantime, the bulk of the surplus earnings will have gone to improve the position of the holders of the senior securities who, as the general investment public, supply the capital and are entitled to the utmost protection.

Investment trusts have developed to such a small degree in Canada, that it is not too late to sound a word of warning. Investment trusts organized in this country must be conducted on sound lines; must be constructed to provide the utmost safety for the holders of the senior securities and must not be organized to provide dumps for the unsaleable securities of those who organize them. Certain dangers of this character have indicated themselves in some of the newly organized American investment trusts that we want to avoid in Canada.

CO-OPERATION IN CANADA

THE co-operative movement is growing in Canada, mainly in the field of marketing agricultural produce. Consumers, co-operatives, so-called, have not developed to any position of genuine economic importance.

The Canadian Co-operator is a little paper published in Brantford by the Co-operative Union of Canada, of which W. C. Good, of Paris, an intellectual and politician, is the president. Its December issue gives some figures on the 1925 operation of consumers' co-operatives in Canada. Sixteen societies report as against thirteen in 1924 and seven in 1923. This looks like growth, but the sixteen societies together only sold $2,892,872 of goods, which is about the turnover of a similar number of good grocery stores and not an imposing factor in Canadian business generally. The sixteen co-operatives sold $117,000 more goods than the fourteen sold in the previous year.

The Canadian Co-operator hastens to explain that the increase would have been larger had not the Guelph Co-operative Association failed from hazardous financing.

The various co-operatives were, in the main, successful financially during the year, the co-operator claiming that net surplus represents an excess of what is necessary efficiently to operate retail undertakings. There are some 7,308 members of these co-operatives in the United Grain Growers, principally a marketing organization, it concluded.

But while consumers' co-operatives play a small part in Canadian economic life, much smaller than in the life of Britain and some other countries, producers' co-operatives are growing in importance. A large share of western wheat is marketed co-operatively through the wheat pools. Co-operative fruit marketing is in effect in the Okanagan apple district and representations have been made to British Columbia's provincial government to make co-operation compulsory. Co-operation marketing of Annapolis Valley apples is also suggested now. Other examples of co-operative agricultural marketing in Canada could be mentioned.

From the standpoint of the country as a whole co-operative marketing has some advantages, although the strong, efficient producers will have to give up something to help carry the smaller producers. And established sales channels that have proven their efficiency will continue in active operation. Witness the Winnipeg grain exchange, which operates side by side with the wheat pools.

Canadian Co-operator does well to emphasize that co-operation is not socialism and to warn socialists from attempting to seize the machinery of co-operation.

PAISH ON WAR DEBTS

BEFORE the Canadian Club in Montreal this week, Sir George Paish, former editor of the Statist, and noted British economist, issued several warnings, chief of which was the possible breakdown of credit accompanied by commercial chaos, should the United States insist upon its war debt claims, and, at the same time, through the maintenance of the highest tariff wall which the world has ever seen, refuse to accept payment.

European productive power has not been lessened by the war, was the statement made, but at the same time it was asserted that since 1914 the inability of Europe to sell her goods constituted the trouble. Actually, European consumption of food has gone down since 1913 and the situation is such, declared Sir George Paish, that no single country can completely provide the remedy. The remedy can be applied only by the co-operative action of all the great nations, and the smaller nations as well.

Sir George Paish made the point that not only has Europe large war debts to pay to the United States, but that also, since the war, European states have continued their borrowing, and, as an example, he quoted Germany's loan last year of £64,000,000. These loans enable European nations to purchase American goods, but European nations can find no means of meeting either interest or sinking fund charges on these loans as long as the United States refuses, through high tariff, to accept imports.

Thus, said the speaker, European nations have been forced to depreciate their currency so that wages and the cost of production may be lower and European goods in this fashion could partly surmount tariff walls.

Paish speaks as a theoretical economist, and not as a practical banker or business man. He is, moreover, a propagandist of no mean ability. His arguments, while decidedly worthy of attention, must be viewed in that light.

Canadians have a right to wonder, sometimes, why so many British speakers choose Canada as a platform from which to air their pleas for cancellation of United States debts to Europe. Are they really talking over our shoulders to Uncle Sam?

Making Money on Second Mortgages

Possible for Fraud to be Practised With Second Mortgages —Some of the Schemes Tried by Shady Operators

By F. W. KEMP,

Third of Three Articles.

The way in which many second mortgages arise lends itself to certain abuses. When sales are slow a builder sometimes resorts to questionable devices to enable him to get out of the property part or all of the capital he has tied up.

Often he gets some young married man, presentable looking, but having no assets and no scruples about being involved in litigation. This near-pauper then buys the house, assumes the existing first mortgage and gives back a second mortgage to the builder. The agreement for purchase will show a cash payment of considerable size and the solicitors conducting the sale will actually have money paid in by this purchaser and passed on to the vendor. Often, it is shown as a large deposit paid direct to the builder and does not pass through the solicitors' hands at all. In any event it is not the money of the purchaser but money supplied by the vendor for the purpose. Often this dummy purchaser is actually paid for his services in such a transaction. When the sale is completed the dummy and his family move in to the new house and the builder sets out to sell his second mortgage. He will have arranged the price of the property and the size of the cash payment so that he can sell the mortgage at a handsome discount and still have a profit on the house. The purchaser of this mortgage has all his rights against the property and also his rights against the dummy purchaser but the latter are worse than nothing—they are a "snare and a delusion." The second mortgage is usually payable quarterly and the first half-yearly. It is quite common that when the first payment under the second mortgage becomes due it is paid, and paid promptly. But at end of five or six months a payment is due under the first mortgage as well as under the second. Then the dummy begins to make excuses and to multiply promises. After a month or so of this the second mortgagee takes proceedings and finally gets the dummy purchaser out of the house. If he will then take time to consider the dummy he will find perhaps that this proscrastinating mortgagor has had possession of a new house for eight, nine or even ten months and has paid only one payment on the second mortgage.

Rent Cost Him $10 Monthly

In one case which came to the writer's attention such a purchaser had occupied a new house for about eight months at a cost to him of less than ten dollars a month. This house later rented for thirty dollars a month. The second mortgagee has actually bought the house—not a new house—and if his valuator has not been conservative it will prove an expensive house.

Some builders, more bold than their fellows, have saved the expense of a sale with its attendant solicitors' charges and have had a fictitious buyer to whom they convey this property and whose name they themselves have signed to the mortgage which they later sell. In such cases they themselves get from the purchaser all papers which it is necessary to have signed by the mortgagor, such as the acknowledgment by the mortgagor acknowledging the amount owing under the mortgage; and if the purchaser should express a wish to see the mortgagor, he is informed that the gentleman is a traveler and is out on the road, is on his holidays or is given any other plausible story. Quite often the person creating a mortgage in this manner will have a tenant in possession. The tenant will have receipts for rent which he may or may not have paid. He will probably be one of those rare creatures, a tenant without a complaint, but he will likely move out or have to be moved out a month or so after the second mortgage is sold.

The man who creates and sells second mortgages in this manner does not always abandon the property but quite often tries to sell the house even after he has sold the second mortgage and sometimes he succeeds before the mortgagee has had to take it over. In such case the mortgagee may never know the dice were loaded against him. It is only fair to state that such transactions as the above are not the peculiar property of builders.

Such mortgages of course are legal mortgages but they are not investments.

Where First Mortgage Inflated

Sometimes the first mortgage is inflated. Too often perhaps the purchaser of a second mortgage and the purchaser of a property assume that the first mortgage is for half the valuation of the property. For a trustee investment it should be for no greater amount. But all first mortgages are not trustee securities. Occasionally a bonus is paid to obtain a first mortgage for a greater amount than the value of the property would justify. Thus a property worth $14,000 would be good security for a first mortgage loan of $7,000. The owner of the property might find it to his advantage to obtain a first mortgage for $9,000 on the property and agree to repay the whole $9,000 though only $8,500 is advanced. The extra large first mortgage will make it easier to get a larger price for the property and for the second mortgage given back, if any, if the purchasers of mortgage and property can be persuaded, as they often can be, to accept the first mortgage as the index of the valuation.

To protect against such traps the people with whom one deals have to be carefully investigated. What has been the experience of people who have bought their properties and mortgages before? What kind of people are on the covenant in the mortgage? How do they meet their grocer and butcher bills? What is their earning and saving record? The writer was told of one extensive buyer in second mortgages who claimed he never had lost a dollar. He owed such unusual success to the care with which he investigated people. Too often property values alone are considered.

Sometimes Mortgages are Forged

There have been instances of forged mortgages being offered for sale. The forger learns that Jones owns his property clear of encumbrance or subject to only one mortgage. He then forges Jones' name to a mortgage made to himself or another, registers the forged document and then proceeds to sell it. If the purchaser of the mortgage makes it a practice to notify the owner of the property of his purchase of the mortgage and to ask for a statement acknowledging the amount owing under the mortgage he would likely discover the fraud. But where this form of fraud is successful the vendor of the mortgage is usually in a rush or for some other reason gets such acknowledgments signed himself and the owner discovers the existence of the mortgage only when a demand is made for payment. Such a mortgage, however, is no charge whatever on Jones' land. Besides the precaution of obtaining an acknowledgment from the owner one sometimes obtains a hint of such a forgery from the absence of any title papers—only the mortgage itself is produced.

The foregoing discussion is intended to apply particularly to mortgages on dwellings; it is only suggestive and does not exhaust the subject. No better admonition can be given to a second mortgage investor than that already urged—deal only with people of good reputation. At the present time the rights of the mortgagee against the mortgagor personally are of growing importance and the investor is courting disaster when he purchases a second mortgage from people known to be given to sharp practices or purchases mortgages made by persons of unknown or questionable means to pay.

New Brunswicker Says B.W.I. Want Those Boats

While Canadians, even Maritime Province people, are at odds as to the possible benefits to Canada of the West Indies treaty, people in the B.W.I. are strong for it, according to Hon. L. P. de W. Tilley. The following account of an interview with Mr. Tilley is sent to The Financial Post by the editor of The Trinidad Guardian.

"If the Canadian Government does not take immediate action to give an immediate steamer service and a regular service to the British West Indies, they will wake up some fine morning to find that the West Indian people have scrapped the new Trade Treaty they have made with Canada.

"There is one thing I find the West Indies will not stand for, and that is, to wait eighteen months or two years for four new steamers to be built. They must have four steamers running regularly at once. If this is not done then the Canadian Government will be alone to blame for loss of trade with the West Indies."

These views came from a distinguished Canadian visitor to the West Indies. Hon. L. P. de Wolfe Tilley, K.C., LL.B., a member of the government of the province of New Brunswick, and president of its executive council. He is on a tour of the West Indies.

"Canada Not Playing The Game"

Summarizing the conversations he has had and the facts gathered, Mr. Tilley observed:

"In every Island I have been to and wherever I have had interviews with prominent members of the Legislatures, and merchants, there was one unanimous opinion that Canada is not playing the game fairly with the West Indies; that this steamer question should have been settled long ago. The unfortunate part of it all is that in the meantime Canada is losing prestige in the British West Indies and some of the trade that the Dominion formerly had has been going to the American markets.

"At St. Kitts, a prominent merchant there told me that for the last few months he had been buying direct from New York as he could not be waiting for goods to be shipped via the Canadian route as it took too long with only two steamships on the route.

"I notice from recent despatches from Ottawa that the Canadian Parliament, which was in session up to a few days ago, has set the steamer question over until after the Christmas holidays when the House reassembles, and in the meantime the Government have called for new tenders.

"What are your personal views in regard to a remedy for the situation?"

"My answer is as direct as your question—arrange an immediate contract with some well-established steamer line, who will undertake immediately to put on four boats to look after the trade between Canada and the West Indies. They may be only boats to be used in the interim until a contract is signed with such steamer line which will guarantee to build four new up-to-date 12 to 14 knot boats of 6,000 to 7,000 tons on the service.

"In any condition, the proper service must be taken up at once. If not, and the people of the West Indies are asked to wait 18 months or two years until the Canadian Government or some other line build four new ships, at the end of that period the trade between Canada and the West Indies will not amount to very much; it will all have drifted to the United States.

"I think that is the opinion that any Canadian who has had the opportunity I have had of interviewing the leading officials and merchants of the Islands would come to and would have no hesitation in expressing it.

"It would seem to me to be most unfortunate if the commercial and friendly spirit which heretofore has existed between Canada and the West Indies should in any way be lost, by reason of this marking time of the Canadian Government on this steamship situation.

"I have found in every Island I have visited a strong British sentiment and a strong intention and desire to trade with people of our own nationality. It would be regrettable if after the Ottawa-West Indies Conference, the entente cordiale which has existed between Canada and the West Indies should be lost by the delay in putting the steamship clauses of the Treaty in operation.

"However, it is not too late to remedy matters, but immediate action such as I have outlined must be taken.

"Speaking as a Canadian and with some knowledge of the political situation in Canada, I may say that presently I am strongly opposed to the idea of the Canadian Government building and putting on the West Indian route Canadian Merchant Marine steamers. My reason for saying so is that I do not believe it can be made a paying proposition and we have now sufficiently large deficits from our Government railways and present Canadian Merchant Marine without adding to them.

"Let the present subsidy arrangements continue and if at the end of ten years the Canadian Government find there is no justification for paying a subsidy any longer, that the trade has increased so greatly that it warrants them building ships of their own, then, that will be sufficient time to consider such a proposal.

"The Canadian Government know exactly how much money the West Indies trade service is costing them now and if they attempt to build and run four new ships on this route, they will find it costing them perhaps twice as much as the regular subsidy to a regular steamer line.

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Your Investments

Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published in this column. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply.

Cosgrave Brewery

In answering an inquiry on Cosgrave Brewery in last week's issue one or two statements were made which gave a wrong impression, and for that reason a brief review of the position of the company will be of interest.

Cosgrave Export Brewery Company Limited, which was organized in 1921 to take over the old family business, has made money ever since the organization—for the ten months to August 31, 1922, $47,149.93; to August 31, 1923, $57,497.32; for the year ending August 31, 1924, $102,970.71; for the year 1925, $68,249.46; for the year 1926, $48,576.83.

Officials of the company state that the earnings for the early months of this year are running on a par with last year and, of course, they, like the other brewing companies, are looking for much better things after the new Ontario legislation comes into effect. Even if this does not become effective until the end of May it will give the company the three big summer months' business to go in this years report. The Cosgrave plant is one of the best equipped to handle a big production.

Cosgrave Export Brewery Company has $1,000,000 of stock, par value $10, distributed among 1,400 shareholders. There is senior to this stock issue only a $58,000 mortgage which is being steadily reduced. The surplus is some $62,000 and the company owes no money to its bankers. Dividends were paid at the rate of 6 per cent. in the fiscal year ending Aug. 31, 1924—7 per cent. the following year; and were dropped to 5 per cent. last year.

The management states that the 5 per cent. dividend will be continued for 1927, and if the benefit confidently expected from the changed legislation is realized these dividends may be advanced in accordance with the company's practice of distributing profits liberally to the shareholders.

The stock went up to 9½ in December, 1926, and is now selling at 7¼ to 7½.

Officers and directors of the company are as follows:

President and general manager, James F. Cosgrave; vice-president, N. L. MacDonald; secretary, John A. Muldoon; treasurer, John J. Devine. Directors: Col. H. A. Stewart of Lukis Stewart Co., Montreal; R. O. Petman, Canada Coal Company, Toronto; L. E. Carroll, vice-president of F. F. Fly Company Limited, contractors, Toronto.

The management feels that the improved business conditions—that is the coming Ontario legislation—ensures a large improvement in earnings for the year ending August 21, 1927, and a great further improvement the year following.

Although the bill to be introduced in the Ontario legislature next month to amend the temperance act will be designed to encourage the drinking of malt beverages and mild wines rather than of distilled spirits, the stock markets and the public generally have been paying more attention to the possibilities of profits in the distillery stocks than of securities backed by brewery properties. The reason probably is that the lively bidding for the Hiram Walker distillery was coincident with reports of big earnings in the Gooderham & Worts Company, while the two brewery mergers that have been consummated were announced after the first flush of excitement following the vote, and involved relatively smaller sums.

When the new law comes under discussion in the house it is quite likely attention will be directed to the brewery stocks.

Midland Railway

Are the shares of the Midland Railway of Canada of any value?

The Midland Railway of Canada was amalgamated with the Grand Trunk Railway Company of Canada on April 1, 1893, and the shares of the Midland Railway Company were exchanged for the common shares of the Grand Trunk Railway, which in the 1920 arbitration were declared to be of no value. Therefore, the shares of the Midland Railway of Canada appear to be valueless.

Royal Bank Rights

I hold two shares of Royal Bank stock. What shall I do about the right to subscribe to new shares in the ratio of one new share for every five held? Shall I buy three shares on the market or can I sell my rights?

You can do nothing about your holdings of Royal Bank stock—the rights to subscribe to new shares at $200 per share have expired.

The fractional rights to the new shares were not bought and sold on the market. The Royal Bank tells us that for factional holdings such as yours, the bank will sell its new stock on the market and the difference between prevailing market prices and $200 will be available for the shareholders of less than five share lots.

Thus, in due course the bank will forward you a cheque, amounting to about $10 or more, for each share which you hold.

Stock Jargon

Perhaps you would make the time to explain some of the technical language which the financial editors of the daily papers are so prone to use and which those of us who have money to invest, and yet have not the time to knock around brokers' offices, find difficulty in understanding. I refer to such things as "bears and bulls," the "longs," "shorts covering," "selling short," and the "bear crowd." Perhaps you will elucidate this journalese for me?

There are two ways of speculating on the stock market. Shares can be bought, in which case the purchaser is said to be "long" on the stock. Those who are "long" on a stock are said to be "bulls."

It is possible also to speculate the other way on the market. That is, if you believe a stock is due to fall, you can sell it without owning it. You go to your broker and put up some margin and simply say, "Sell ten shares of such and such a stock." He borrows the stock and sells it on the market. If the stock goes down, it can be bought in at the lower figure and the trader makes a profit. Those who sell stocks in this way are oftentimes called "shorts." They are also known as "bears." When the "shorts" are buying in stock, the financial jargon says "the shorts are covering."

Such speculation has its uses. If a stock starts into decline, the "shorts" begin to purchase it, which tends to slow up the re-action.

The "bear crowd" are those who wish a stock to decline, and the "bulls" are those who wish it to go up.

All this stock market jargon applies principally to the speculative element in the market and really means little or nothing as far as the long term investor is concerned. Day to day stock movements or month to month movements are of little concern to the investor who is in for a long hold.

Canadian Paperboard

Do you think that the preferred shares of the Canadian Paperboard Company would be a good buy for me. I am a business man.

The preferred shares of the Canadian Paperboard Company are being sold at $100 per share and carry with them a bonus of one-half share of the Northern Paperboard common stock with each share of Canadian Paperboard preferred.

The earnings of the company are many times in excess of the preferred dividend requirements and it operates under a capable management.

There is the chance for appreciation in the common shares of the Northern Paperboard Company which controls through stock ownership the Canadian Paperboard and owns all the outstanding capital stock of the Tidewater Paperboard Company which has a modern paperboard mill in Connecticut.

The investment, we believe, would be very suitable for a business man and should, over a term of years, bring you a satisfying increase in the capital so invested.

Sherwin-Williams

Regarding Sherwin Williams common stock, would you tell me what the outlook for the immediate future of the shares is What the ultimate future seems to hold and if the shares are a good investment.

The Sherwin-Williams Company is the predominant manufacturer of paints and varnishes in the Dominion. It is ably managed; it is in a very strong financial position and recently has retired its entire bonded indebtedness. As the country as a whole progresses, so Sherwin-Williams will grow. We believe the stock to be an excellent investment, which over a term of years, gives every indication of showing a market appreciation. We can give you no information regarding the market prices in the near future—nor can anyone else. We believe that this would make a very satisfactory investment for you.

Investment Holdings

Please give me your criticism of the following list of securities: Canadian Pacific common, Royal Bank stock, Belgo preferred, Brompton common and one bond in each of the following: East Kootenay Power, Penmans and a Victory bond.

It seems to us that the Dominion as a whole will continue its growth and therefore we believe that the Canadian Pacific Railway will also grow and, over a term of years, tend to increase its earnings. Your C.P.R. is a good investment yielding you a satisfactory return and gives every indication of further market appreciation.

The management of the Royal Bank of Canada has proved its capability; it is aggressive, far-seeing, and has done remarkably well for the shareholders. As the country as a whole grows so the bank will make progress and, as we believe that Canada has entered a period of prosperity, the Royal Bank should continue showing increasing earnings.

The preferred shares of the Belgo-Canadian Paper Company are an underlying obligation of the St. Maurice Valley Corporation, which owns the Canada Paper Company and another plant. The holding company has a bond issue outstanding.

This stock appears to us to be a very satisfactory hold in the preferred stock class. The shares might fall off a point or two if there be any pronounced newsprint surplus on the market this year, nevertheless, it is bringing in a good return and we believe can be very safely kept over a term of years.

During its last fiscal year, the East Kootenay Power Company earned some $230,000 as against interest chanrges on the bonds outstanding amounting to $174,119. This is not a very large margin but the power companies have demonstrated the stability of their earnings in the past and we believe that the net available for interest charges will show an increase in the future. The price at which you bought these bonds gives you a very satisfactory yield and we believe that you would be well advised to hold this security.

Your Victory Loan bond is, of course, gilt-edged and should be retained.

We believe that Penman's bonds also are gilt-edged. The last annual balance sheet of the company showed that earnings applicable for bond interest amounted to well over four and one-half times the interest requirements. You can safely hold this bond.

Yes, Brompton common shares are a fair speculation, but you cannot expect any immediate increment in the market price. You should hold this stock over a term of years to obtain any real application in value.

As the latter is your only speculative holding, you might be well advised to sell some of your Brompton and to distribute your speculative funds among more than one low-priced speculative security. There are one or two low-priced issues at the present time which are equally attractive.

Automotive Credit

Can you give me some information regarding the Automotive Credit Corp.?

The Automotive Credit Corp., 702 Temple Building, Toronto, is in the business of financing the purchase of automobiles. They do exclusively a non-recourse business and claim that their losses have been almost nil for a year or more. The company has been organized 18 months and last year paid 9½ per cent. on the outstanding bonds. The 6½ per cent. sinking fund gold bonds are participating with the preferred and common stock. The preferred has a par value of $50,000 and the common a book value of a like amount.

While the dividends paid on the bonds last year were highly gratifying to the bondholders, nevertheless it must be considered that the company has not been in operation long enough to assure its stability. It all depends on the management which is, of course, yet to be tried. We understand that the president and vice-president, are both large dealers and distributors of automobiles in Quebec province and that a substantial portion of the business of the corporation comes through them at no cost of soliciting. The overhead at present appears to be cut down to a minimum, only moderate offices being open in Toronto and Montreal.

Bank to Build in Quebec

A modern bank and general office building which will cost in the vicinity of $300,000 will be erected next spring by the Bank of Montreal on the now vacant property situated at the corner of St. Peter and St. James streets, in the heart of the financial district of Quebec city, it is stated in the Ancient Capital.

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Changing "Tooke" to "Take"

Some Comments on the Proposed Share Exchange

"From him that hath not shall be taken away even that which he hath," seems to apply with particular force to the proposal at present before the preferred shareholders of Tooke Brothers. The plan provides for the liquidation of the arrears of preferred dividends by distribution of new no par value common stock.

The preferred shareholders now hold shares which under the agreement of the company included in its charter, are entitled to cumulative dividends—the plan to which the preferred shareholders will be asked to give their consent on February 7 next provides for the entire liquidation of these arrears now totalling over 35 per cent. In lieu of their dividend arrears, the preferred shareholders are asked to accept what on an earning basis at present, amounts to new worthless common stock, one new common for every two preferred.

There are many questions which should be answered satisfactorily before the preferred shareholders are asked to forego their claims; the first is: What real benefit will accrue to the company through liquidating the arrears in this fashion? Why should the preferred shareholders forego claims amounting to over $35 per share and in return receive new common stock which has a probable market valuation of around $10 per share? Moreover, each preferred share would only be entitled to half of one new common share. The management can give no real answers to these questions.

Have Nothing to Offer

Unless the common shareholders forego their rights, they have nothing to offer the preferred shareholders which would be of interest to them; therefore, why is any liquidation of arrears being attempted? While the new common shares will undoubtedly have some market value, yet this value is not based on earning power—an attribute which the present common lacks and which, as far as can be seen, the new common would lack.

Then again, perhaps the company could be sold as a going concern to some other manufacturer engaged in the same business at a price which would net the preferred shareholders par, plus arrears of dividends on their stock. This would amount to a figure of only $1,335 495. Then again, the company might be sold for the par value of the preferred shares, which would only be $985,000. This would give the preferred shareholders $100 per share—a figure considerably in excess of the present market valuation of the whole issue. The shares are preferred both as to dividends and assets.

Tooke Brothers have more preferred stock outstanding than common and, in consequence, the preferred shareholders control the company and its operations. The preferred shareholders have the "say so" regarding the payment of dividends, and thus they are in a position to declare dividends immediately—whether or not they accept the proposed liquidation of arrears. The whole plan has naturally caused a considerable amount of adverse comment, not only from shareholders, but from other investors.

Only Earned 7 Per Cent.

Last year, Tooke Brothers for the first time for a number of years earned 7 per cent. on its preferred stock. This year, it is understood that earnings are being maintained at the same level. Thus, preferred dividends could be resumed immediately and, as none can foretell the future, it is possiblt that some twist in the wheel of Tooke Brothers' fortunes might result in the company eventually being able to meet its preferred dividend arrears.

The stock is a 7 per cent. cumulative security. If the cumulative clause be wiped out in this fashion, the name of the company might be appropriately changed from "Tooke" to "Take."

Recently, before accepting a later and much improved offer, the preferred shareholders of the Mount Royal Hotel banded together and turned down a decidedly better offer than is now being made to the preferred shareholders of Tooke Brothers. The preferred shareholders of Tooke would be wise to do likewise.

Might Jam it Through

It is possible that new interests have acquired control of sufficient of the Tooke Brothers preferred stock to put the proposal through at the forthcoming special general meeting. If this be so, the minority preferred shareholders are in a sad plight, but, in the meantime, it is understood that some of the shareholders in the company are taking steps to obtain better terms. If this be so, there will be many other holders of other preferred stocks who will wish them Godspeed in their work and more power to their elbows.

The present plan calls for the distribution of new common stock to the preferred shareholders, in the ratio of one new share of common for every two shares of preferred and at the same time the common shareholder obtains two new shares for every five of the old.

The Common Benefit

While the common shareholders give up three-fifths of their holdings, this means but little for, on an earning power basis and with the arrears of preferred dividends, the common stock at present has no real value, although some shares have changed hands at around $8. After the reconstruction of the capital, the new common stock would then assume a real value. While the common shareholders thus receive a very real benefit, the preferred shareholders would receive none.

Again, if in the future the new common shares should have real earnings applicable to them after payment of 7 per cent. in preferred dividends, the present preferred shareholders would only be entitled to three-fifths of such earnings—the remainder would be applicable to the present common shareholders.

So, if the preferred shareholders stand firm and turn down the offer, they, through their arrears claims, will be entitled to all future earnings until such time as the arrears are paid off and there will be no need to share anything with the present holders of the common stock.

It is to be hoped that the preferred shareholders refuse to accept the scheme, not only for their own sakes, but in order that no precedent should thus be set up which would tend to lower the security behind every preferred issue of stock in the Dominion.

If every time a company gets into arrears with its preferred dividends, the arrears be wiped out without due compensation to the preferred shareholders, what merit is there in preferred stock with its cumulative rights?

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FOLKS and Finance

ROBERT O. SWEEZEY, the well known investment banker and forest engineer of Montreal, has been appointed general chairman of the Montreal committee which is to assist in the $2,500,000 endowment campaign of Queen's University.

Mr. Sweezey is a graduate of Queen's and by heading the subscription list with a donation of $50,000 proves that he is more than willing to consume the medicine which he and his committee are now preparing to administer quite freely in Montreal.

Other People's Views

A Kiss For Cinderella

London Times.—The jubilee year of Confederation will be worthily celebrated if it sees, as there is every sign that it will, a Government in which the new Western Provinces play an unprecedentedly important part coming freely to the assistance of the Maritime Provinces, and the whole Dominion accepting burdens in order that the lifeblood of commerce may quicken its numbed existence.

New Issue

These bonds are being offered simultaneously in Canada and United States.

$2,500,000

City of Montreal

Twenty-Year 4½% Gold Bonds

Dated February 1, 1927 Due February 1, 1947

Principal and half-yearly interest (1st February and 1st August) payable in United States gold coin at the Agency of the Bank of Montreal, New York, or in Canadian gold coin at the office of the City Treasurer of Montreal. Bonds may be registered as to principal.

Denomination: $1,000.

Legal Opinion: Messrs. Brown, Montgomery & McMichael.

These bonds are direct and primary obligations of the City of Montreal.

Montreal is the largest city in Canada and one of the nine largest in North America. The population has increased from 277,829 in 1901 to 952,875 in 1926. This rapid growth is due to the City's favourable geographical location as an ocean and lake port, its availability to low-cost water power, its proximity to an immense territory, naturally adapted to industrial development, and to the stable labour element throughout the Province.

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Frontenac Oil Shares Now Being Offered

From Our Own Correspondent.

MONTREAL.—The firm of Rorke and Company is offering the preferred shares of the Frontenac Oil Refineries at $115 with a bonus of one common share with every preferred.

The Frontenac Oil Refineries is the outcome of a reorganization of the Nations Oil Refineries. The bondholders of the latter exchanged their bonds at par for preferred shares in the Frontenac Oil Refineries and in addition received one common share in the new company for each $100 bond. The assets of the Nations Oil were sold to the Frontenac Oil for 10,000 shares of the latter's common stock.

The old company is still in existence and the shareholders still retain their shares. The sole assets of the Nations Oil Refineries now consist of 10,000 common shares of the new company and the patents on the Ramage process for Canada. This process allows the production of a specially high grade of gasoline and the rights for eastern Canada have been transferred to the Frontenac Oil Refineries. Thus the shareholders of the Nations Oil stand to benefit from the progress which the new company may make.

The particulars of the stock offering of the Frontenac Oil Refineries follow:

Frontenac Oil Refineries
$1,500,000, 7 per cent., cumulative, preferred shares.

The Company: Refines crude oil and manufactures a specially high grade of gasoline under exclusive patents for eastern Canada.

Properties—A refinery at Montreal East with a capacity of 3,000 barrels per day with all the necessary adjuncts such as tank cars and trucks.

Market—Company owns a controlling interest in a subsidiary which sells in the eastern townships of Quebec. The plant is situated in a favourable location for selling its output and bringing in raw materials by water.

Purpose of issue—To promote distribution by the construction of service stations and distributing depots.

Earnings—Engineers estimate that operated at 50 per cent. capacity the earnings after depreciation and all charges will be equal to over three times the preferred dividend requirements.

Offered—January, 1926 by Rorke and Company with one share of common with each share of preferred at $115.

RGH & Co. Ltd.

We Recommend—

Canadian Brewing Corporation
LIMITED
NO-PAR VALUE SHARES

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Bond, Insurance, Estates, Farm Lands, Appraisals
We are well informed on the oil situation.

News of Investment Markets

INVESTOR'S TRUST ON BRITISH PLAN TO BE LAUNCHED

Toronto Group Set Up Institution on Old Country Lines

Formation of an investment trust along the lines of similar institutions in Britain, has been accomplished by a Toronto group, The Financial Post is informed. Official announcement in this connection will be made in the next ten days or two weeks.

There is a growing interest in this type of financial institution, which, unlike the ordinary trust company, functions by securing funds through the sale of its own securities, in large and small amounts, and the investment and re-investment of this money in a widely diversified list of all types of securities. The typical investment trust restricts its investment in any one security so that it is not thrust into assuming directive and control responsibilities.

Started in England

Great Britain is considered the "homeland" of the investment trust, and these institutions have been built to enormous proportions in England and Scotland during the past half century. They have been and are still regarded as one of the bulwarks of the English financial system, and have assisted to an extent, which is probably greater than any other agency, in the export of English capital to various enterprises throughout the world.

In the United States efforts have been made during the past half dozen years to emulate the success of the British Investment Trusts, with results which are not entirely clear as yet. Two striking differences exhibit themselves in the contrast of the American conception of this institution with the British idea.

The first of these is the very heavy capitalization of interest bearing bonds and stocks given to the majority of American companies by their promoters. This is a decided weakness, inasmuch as it saddles the corporation with heavy charges before it has an opportunity of establishing itself on an earning basis.

The second difference is the frequent donation of bonus common stock by the promoters to the purchasers, furthering the illusion that the investor is receiving something for nothing. Thus, many of the American companies copying the principles of operation of the British type investment trust are water-logged by an unpaid for capitalization, and are operated under a millstone built by the creation of a high interest bearing capitalization.

The establishment and success of such institutions should prove of value to the Canadian investor and Canadian industry. It offers to the investor a means of participating in profitable market opportunities and high yielding securities without assuming those risks which are unavoidable without a large volume of capital. Should such institutions launched in Canada become allied with the successful groups of investment trusts in England and Scotland, it would form a channel through which substantial amounts of British money would be made available for legitimate Canadian enterprise.

Bits About Bonds

"The person who keeps ahead of the times profits by his foresight and judgment. When a new style of article appears, most people hesitate to buy it because it is a departure from what they have been used to, with the result that by the time they have decided to adopt it, it has become generally popular and the satisfaction or profit in possessing it has largely disappeared.

"This is particularly true of securities," says R. A. Daly & Co., Toronto. "When an investment house has succeeded in overcoming the prejudice and breaking down the sales resistance against a new type of security, the price has almost invariably advanced in the process and only those with foresight and courage enough to buy at the time the security is first offered profit to the fullest extent.

"For example, when the prices of government bonds had advanced considerably, certain investment houses tried to educate their clients to the merits of corporation bonds. At that time, industrial conditions were not good, but they were improving. Prejudice and sales resistance made it necessary to offer such securities at very attractive rates, and investors with foresight and courage profited.

"A little later on, external foreign government bonds came into vogue. This was an entirely new type of investment again, and the same prejudice and sales resistance made it necessary to offer these bonds at extremely low prices. The investor who overcame this prejudice profited accordingly."

SELL BONDS AT HOME

Sarnia Preparing to Offer Two Issues, Total $55,000

In a further effort to encourage local purchase of city debentures, a part, and if there is sufficient demand, all of two issues of Sarnia local improvement bonds, soon to be ready, will be offered to investors in that city.

The city solicitors are now preparing by-laws for these two issues, totaling $55,000. They will be mostly short-term bonds, bearing five per cent., and will draw accrued interest from the first of the year to the time of purchase.

Import Tobacco Growers

When a committee composed of members of the city council and chamber of commerce, visited the plant of the Ross Leaf Tobacco Co. recently, they were told by the management that already they had arranged to bring about one hundred tobacco growers from the State of Kentucky to Western Ontario this spring. Most of them had options on farm lands in Kent, Elgin and Norfolk Counties.

ARTHUR T. BROOKE,
Who has been appointed Toronto manager of Midland Securities.

PLAN REAL ESTATE MORTGAGE SURVEY TO STUDY ISSUES

Aim to Avoid Weaknesses That Have Developed in Spots

Growth in the sale of real estate mortgage bonds in Canada makes of keen interest to Canadian investors the fact that a special committee to study the matter of real estate bond issues, and to take action on steps designated to protect investors against unsound practices in the issue of real estate mortgages and bonds is to be appointed by the National Association of Real Estate Boards.

The association has adopted resolutions constituting a platform of principles for the making of sound real estate bond issues. These principles will be the basis for the committee's work.

"The sale to the public of bonds based on real estate securities has grown enormously in the past few years, to the great advantage both of the public and of real estate interests. While such issues have in an overwhelming percentage of cases proved desirable investments, nevertheless in a limited number of cases certain abuses have crept in, which have been brought to the attention of this organization; and it is felt that no effort should be spared to keep such bonds on the highest possible plane, and to protect the investing public from any losses thereon," the Association states in resolution creating the committee and formulating a statement of the general conditions of sound real estate mortgage bond practice.

Sound Principles Laid Down

It asks that the committee take note of and give careful consideration to the following expressions of opinion:

(1) That speculative risks should not be assumed by holders of first mortgage bonds.

(2) That money held for specific construction should be absolutely protected against appropriation for other purposes.

(3) That the loans represented by bond issues sold to the public should be limited to an amount which experience has demonstrated is safe and conservative.

(4) That circulars and advertisements should fully, frankly and adequately disclose all pertinent information relative to the issues offered.

(5) That the title, "first mortgage real estate bonds," should be used only when the bonds are a first lien on both land and building, and that leasehold bonds should invariably not be so characterized.

(6) That mortgage houses should assume full responsibility for appraisals on which they base their issues.

(7) That every real estate bond issue should provide for authorization of the debt, to offset depreciation and obsolescence and to liquidate the debt in an orderly manner.

(8) That all appraisals should be conservative, taking into account both physical valuation and earning power.

New Real Estate Issue Offered by United Bond

The United Bond Company are offering to the public $110,000 guaranteed 7 per cent. first mortgage real estate serial gold bonds, secured by the Carlton and Charles Terraces in the City of Windsor. The offering consists of five separate mortgages, each of which secures a bond issue of $22,000.

It is proposed to construct five buildings, each designed to accommodate six families. These will be substantially built on freehold land in a particularly desirable neighborhood. Some of the features of the buildings are: Heating by hot air furnace, of which there will be six in each building, each family to operate one; concrete roadway between each two buildings and four garages to accommodate sixteen cars.

Type of construction proposed, it is claimed, will substantially lower cost of the dwellings on a family basis, while materials and workmanship will be superior to that which could be put in a detached or semi-detached dwelling of the same valuation.

Details of the offering follow:

$100,000
Carlton and Charles Terraces
7% First Mortgage Serial Bonds
Dated July 2 & Aug. 2, 1926. Mature 2 to 7 yrs.

Purpose of Issue—To build five structures, each designed to accommodate six families.

Earnings—Net annual estimated to be $21,000, or nearly three times greatest interest charges for any one year.

Assets—Appraisal of property places its value at $185,000.

Guarantee—Unconditional guarantee payment of all interest and principal as due, endorsed on each bond by United Bond Co.

Security—Five separate mortgages, each securing $22,000 of bonds.

Denomination—$100, $250, $500 and $1,000.

Offered—January, 1927, by United Bond Company, Windsor and Toronto.

Toronto grew in 1926 both in population and civic assessment. The population is now 556,691. A yearly gain of 7,262, and the assessment $913,067,240, which is up $26,000,000 from the year before.

CANADIAN BREWING SHARES ARE SOLD

Three Ontario Breweries Revived by New Legislation in Ontario

An investment house syndicate is offering 100,000 shares of no par value stock of the Canadian Brewing Corporation at $30 per share. The company controls three breweries, which have been in successful operation since their formation, with the exception of those periods during which adverse legislation affected the operation of the properties. The brands manufactured have been favorably known in Ontario for the past fifty years. One plant is located in Toronto and the other two plants are located in Hamilton. The parent company owns approximately 95 per cent of all the outstanding capital stock of its subsidiaries.

Some idea of the future of the company under the recently changed laws of the province of Ontario may be obtained from the fact that in 1925 there was a production of strong beers and ales in Ontario of only 6,225,437 gallons as compared with a production in the province of Quebec of 27,369,547 gallons during the same period.

The particulars of the issue follow:

100,000 Shares
CANADIAN BREWING CORPORATION

Capitalization: 150,000 common shares which have no par value, of which 100,000 shares are outstanding.

Business: The company owns approxmately 95 per cent of the outstanding shares of the Dominion Brewery Company, Grant's Spring Brewery and the Hamilton Brewing Association.

Property: Appraised replacement value is $1,765,626. Plant has a capacity of 120,000 barrels per annum, which could be more than doubled with a comparatively small capital expenditure.

Earnings: Anticipated net earnings amount to $480,000 per annum. It is intended to increase the output and with the increased capacity earnings of $1,000,000 per annum are expected.

Management: The management of the company will be in the hands of those long associated with the constituent company.

Offered: January, 1927, by a syndicate headed by Aird. MacLeod at $30 per share.

W. E. Paton & Company, Ltd.
BONDS
SHERBROOKE, QUE.

F. M. Black & Co
Financial Agents
805 Electric Railway Chambers
WINNIPEG, MAN.

FOREIGN SECURITIES
We are active in all foreign issues.
Ask for quotations.
Have your name placed on our mailing lists.
EUROPEAN DEBENTURE CORPORATION, LTD.
120 St. James Street, Montreal

Inquiries Invited on all Mining Stocks
Metropolitan Securities Co.
1612 Metropolitan Building,
Toronto, 2, Ontario

At the Investor's Service

Clients of this company enjoy a financial service which includes membership on five exchanges, ten offices connected by private wire, and correspondents in leading financial centres.

Such a service furnishes every facility for the favorable purchase or sale of securities, listed or unlisted. We shall be glad to receive your inquiries on financial matters.

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14 King St. East, Toronto
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Winnipeg Grain Exchange
Chicago Board of Trade

VERSAILLES-VIDRICAIRE-BOULAIS - LIMITED
Investment Bankers
MONTREAL QUEBEC
Quebec Municipals and Industrials a Specialty

NEW ISSUE:
London Realty Company
Limited
6½% 15 year First Mortgage Sinking Fund Gold Bonds
Due October 1st, 1941
98½ and accrued interest, to yield about 6.65%
Full particulars on request
MATTHEWS & COMPANY
LIMITED
Bond Dealers
255 Bay St., Toronto

MURRAY & COMPANY
Specializing in
Government, Municipal and Corporation Bonds
METROPOLITAN BLDG.
ADELAIDE 6077-78 TORONTO

GOVERNMENT and MUNICIPAL BONDS
W. L. McKinnon & Co.
GOVERNMENT AND MUNICIPAL BONDS
McKinnon Bldg. TORONTO

Calgary, Alberta
Stocks, Bonds, Grain & Oil Leases
Carlile & Farr Ltd.
Private wire to all markets.
Correspondents of
Osler & Hammond.

McDonagh Somers & Co.
Government and Municipal Bonds
Dominion Bank Building
TORONTO
Canada

7% with Safety and Profit

Send for our special circular describing the 7% Cumulative Preferred shares of a well established and growing Public Utility Co. operating in Canada and the United States which we are offering at par with a Common Stock bonus.

H. B. ROBINSON & Co. Limited
Investment Bankers
53 King St. West TORONTO ELGIN 1224
136 St. James Street MONTREAL MAIN 8542

K. H. Kompfe & Co.
LIMITED
Investments
330 Bay St. Toronto Adelaide 3331
Dom. Savings Bldg., London Telephone 8077

Roberts-Cameron & COMPANY, LTD.
Government and Municipal Bonds
Listed Stocks
Northern Ontario Bldg.
AD. 3486-7-8 TORONTO

Jones Bros. of Can., Ltd.

(Dominion Charter)

20-Year First Mortgage 6½% Sinking Fund Gold Bonds

A Sound Investment in Convenient Form

Securing the issue, is Canada's largest enterprise engaged in the manufacture and distribution of store fixtures and barbers' supplies.

Its total net assets held against the issue equal $2,114.79 for each $1,000 of the issue outstanding. Its current assets are 3⅛ times current liabilities, and 1926 earnings, before provision for interest, depreciation and Federal taxes, exceeded 3½ times bond interest requirements. Sinking Fund provisions are estimated sufficient to retire 90% of the issue by maturity.

The company has a background of forty years of success. Its present prospects are the brightest in its history.

PRICE: 100 and interest to yield 6½%.

Write for Full Details

Gairdner & Company, Limited

Telephone Elgin 2301. 312 Bay Street, Toronto 2, Ont.

Canadians Have Invested $500,000,000 In Foreign Bonds

Canadian institutions and private investors have, it is estimated, about $500,000,000 invested in foreign government bonds.

Why this is so—and why these Bonds are desirable investments is shown in the current number of "The Investor."

It will well repay your reading. Write for a complimentary copy.

McLeod, Young Weir & Co.
Limited
Metropolitan Building
Phone Adelaide 4836
TORONTO
MONTREAL OTTAWA HAMILTON LONDON

We recommend

Hamilton Dairies
Preferred and Common

DENMAN & CO.
LIMITED
INVESTMENT BANKERS
HAMILTON, ONT.
BRANCH: BELLEVILLE, ONT.

7%
UNITED
FIRST MORTGAGE BONDS

What Serial Maturities Mean to you

United Bonds are issued to mature serially, certain ones being retired each year during the lifetime of the issue.

To the investor in United Bonds this means:

(a) An ever-increasing margin of safety, the indebtedness against the property being thus annually reduced;
(b) That the sinking fund is an annual one, requiring no re-investment over a long period;
(c) That the payments of his interest and principal are assured by the ease with which the mortgagor is enabled to meet his obligations from the income from the property itself.

On every United Bond payment of interest and principal as due are unconditionally guaranteed.

We have some very attractive issues now offering. Will you let us send you details of them?

Address Dept. B. No. 10.

United Bond Company Limited
HOWARD C. WADE,
President
WM. BROWN
Vice-President and Manager.
297 Bay St., TORONTO
Imperial Bank Bldg., WINDSOR

Tenders and By-laws

Jan. 22, Village of Mont Laurier, P. Q.—$65,000, serial debentures. J. Jarry, Sec.-Treas.

Jan. 31, Portage la Prairie—$100,000, 5½%, waterworks debentures, due 1967. W. R. Grieve, Sec.-Treas. (See announcement on page 16).

February 7, 1927. Township of Tremblay, P.Q.—$35,000, 5½ per cent. serial debentures. H. Gagnon, Sec.-Treas.

Unlisted Bonds

	Bid	Asked
Abitibi P. & P. 6s 1940	104¼	105
Algoma Steel 5s 1962	31½	33
Anticosti Corp. 6½s 1941	102	103
Belgo Can. Paper 6s 1943	102¼	103
Brandram Henderson 6s 1939	80	86
Burns, P. Co. 6½s 1943	102¾	103¾
Calgary Brewery 5s 1942	87½	89
Calgary Power 5s 1940	91	92
Canada Biscuit, 6½s 1946	101¼	102½
Canada Lt. & Pr. 5s 1949	90½	91¾
Can. Car & Fdry 6s 1939	104	105½
Can. Nor. Power 6½s 1941	100	101¼
Brompton P. & P. 6s 1946	98½	99½
Can. Steamships 5s 1943	98	98¾
Can. Steamships 6s 1941	97	98
Can. Salt 6s 1946	102	103
Can. Steel Fndry 6s 1936	104	105½
Cedar Rapids 5s 1953	100	100¾
Davies, Wm. 6s 1942	92¾	93¾
Dominion Iron 5s 1939	29	31½
Dom. Power & Tr. 5s 1932	96¼	97¼
Dominion Textile 6s 1949	106	108
Duke-Price Pr. 6s 1966	105	106
East Kootenay Pr. 7s 1942	103¾	105
Elev. Development 5s 1933	99¾	100⅝
Fraser Co. 6s 1950	98⅝	99½
Gatineau Power 5s 1956	96½	97¼
Howard Smith P. & P. 7s 1941	103	104
International Paper 6s 1955	98¼	98¾
Jamaica Pub. Serv. 6½s 1943	102	103¼
Kaministiquia Pr. 5½s 1950	99¾	101
King Edward Hotel 7s 1944	98	95½
Lake Superior P. & P. 6s 1941	106	107½
Laurentian Pr. 6s 1936	102½	103½
Laurentide Pr. 5½s 1946	101¾	102½
Maple Leaf Mfg. 6½s 1943	103½	104½
Maritime Tel. & Tel. 6s 1941	103½	105
Manitoba Pr. 5½s 1951	98⅛	98⅝
Mattagami P. & P. 7s 1949	100	115
Mercury Mills 6½s 1943	100½	101¾
Mont. L. H. & Pr. 5s 1951	99¼	99½
Mont. Pub. Service 5s 1942	97¾	98¼
Nor. Can. Pr. 6s 1945	100½	101½
Nor. Ont. L. & P. 6s 1946	101½	101¾
Nor. West. Utilities 7s 1938	99	100½
Nova Scotia Steel 6% Debs.	32½	36
Nova Scotia Tram. 5s 1946	89¼	91
Nova Scotia Tram. 7s 1952	98	100
Ont. Pulp & Paper 6s 1931	108½	109¾
Ottawa Gas 6s 1939	102	103½
Ottawa Hull Pr. 6s 1948	103	104½
Ottawa L. H. & Pr. 6s 1953	104¼	105
Ottawa Mont. Pr. 6½s 1949	102¼	103½
Ottawa Riv. Pr. 6½s 1953	102¼	103
Ottawa Trac. 5½s 1955	100⅝	101¼
Port Alfred P. & P. 6½s 1943	102	103
Price Bros. 6s 1943	103	104½
Prov. Lt. & Pr. 5s 1946	100¼	101½
Page Hersey 6s 1946	101¼	102½
Quebec Pr. 6s 1953	106½	107½
St. Lawrence Paper 6s 1946	97¼	98¼
St. Maurice Pr. 6½s 1953	108	109
St. Maurice Valley 6s 1945	99¼	100½
Shawinigan W. & P. 6s 1950	104¼	106
Simpson, Robt. 5s 1952	94¼	96
Simpsons, Ltd., 6½s 1945	102¼	103½
Southern Can. Pr. 5s 1955	98	98¾
Spanish River P. & P. 6s 1931	108½	109½
Spanish River P. & P. 8s 1941	106¼	108
Walmsley, Chas. 6s 1943	91	95
West Kootenay Pr. 6s 1943	103½	105
West Pr. of Can. 5s 1949	96	97½
Winnipeg Elec. 6s 1954	99¼	100
Winnipeg Elec. 5s 1935	98¼	99½

To Sell Idento

Through a misapprehension, it was stated in the January 14 issue of The Financial Post that Idento Co. was to sell Monomark in the United States and Canada. Interests concerned with the organization of Idento Co. point out that there is only one Idento, which has no connection with any companies which in the past have been in a business of a similar nature.

TORONTO GENERAL TRUSTS' EARNINGS TOUCH NEW PEAK

Profits Equivalent to 17.1% on Corporation's Capital Stock

Profits of $342,079 reported by Toronto General Trusts Corporation are the highest total amount on record. They constitute the equivalent of 17.1 per cent. on the company's capital stock outstanding, which indicates a return to the higher earning basis noted prior to the increase of the company's capital stock from $1,500,000 to $2,000,000 between 1919 and 1921.

Earnings of $390,079 are about $8,000 above the previous year's total and after deduction for taxes, profits amounted to $342,079, an increase of $25,000.

Directors took advantage of the improved year to put $100,000 to reserve, bringing this to $2,600,000 or 130 per cent. of capial.

Comparative earning figures follow:

Profit and Loss

	1926	1925	1924
Profits	$390,079	$381,941	$358,690
Off premises	....	13,000	50,000
Taxes	48,000	51,925	35,000
	48,000	64,925	85,000
	$342,079	$317,016	$273,690
Prev. bal.	134,380	107,364	73,674
	$476,459	$424,380	$347,364
Distribution—			
Dividends	$240,000	$240,000	$240,000
Reserve	100,000	50,000	....
Balance	136,459	134,380	107,364
....	$476,459	$424,380	$347,364

Ten Years' Record

Year	Paid-up Capital	xNet Profits	% Div.	Profits Av.Cap.	Earn. Rate
1926	$2,000,000	$342,079	12	17.1	7.3
1925	2,000,000	317,016	12	15.8	6.8
1924	2,000,000	273,690	12	13.6	6.0
1923	2,000,000	299,326	12	14.9	6.5
1922	2,000,000	183,969	12	9.1	4.0
1921	2,000,000	271,806	12	15.1	6.0
1920	1,726,960	287,646	11+1	19.1	7.6
1919	1,500,000	292,717	10+2	19.4	8.1
1918	1,500,000	266,369	10+1	18.0	7.6
1917	1,500,000	252,866	10	17.0	7.4

xAfter deducting income tax and amount written off.

Assets have grown to a new high figure of $159,812,664, of which $140,705,165 represents assets in estates, trusts and agencies account.

Guaranteed trust funds total $14,273,781.

Year	Capital Account	Guar. Trusts Account	Estates Trusts, etc.
1926	$4,833,718	$14,273,780	$140,705,164
1925	4,885,872	12,277,392	135,628,255
1924	4,861,673	11,300,342	127,877,193
1923	4,819,568	10,235,117	122,785,353
1922	4,782,458	8,633,503	115,681,079
1921	4,915,357	7,741,339	107,596,746
1920	4,389,768	9,124,317	100,248,237
1919	3,882,637	9,476,559	87,763,834

This Week's Bond Sales

Lachute, P.Q.

An issue of $25,000 5 per cent. 30-year serial bonds of Lachute, P.Q. have been sold to J. L. Ayres at par.

Bridgeburg Sells Bonds

W. C. Brent & Co. were awarded an issue of $121,183, Bridgeburg, 5½%, 15-year bonds, at 101.25, which is equal to a cost basis of 5.32%.

Truro, N.S.

J. C. Mackintosh and Co. secured the $20,000 5 per cent bond issue of Truro, N.S., at 100.56, which is equal to a cost basis of 4.97 per cent.

St. Rose West, P.Q.

An issue of $25,000 5 per cent. 30-year serial bonds of St. Rose West, P.Q., was awarded to Credit Anglo-Francais at 98.36, which is equal to a cost basis of 5.17 per cent.

St. Lambert Issue

MONTREAL—A syndicate composed of A. E. Ames and Company and Mead and Company have been awarded three bond issues of the city of St. Lambert, P.Q. The three issues were as follows: $49,200, five per cent. serial bonds; $370,000 five per cent. serial bonds; and alternative tenders for $182,800 five per cent. serial bonds and $236,000 five per cent. twenty year term bonds. The tenders were as follows:

A. E. Ames & Co. and Mead & Co., 98.39 with accrued interest.

Versailles, Vidricaire, Boulais, 96.43, 97.53, 97.05 with accrued interest.

L. G. Beaubien & Co., 98.168, with accrued interest.

Sherbrooke Issue

An issue of $125,000, 5 per cent., 40-year serial bonds of the Sherbrooke Roman Catholic school commissioners was sold to E. Savard & Co., at 99.425, which is equal to a cost basis of 5.04 per cent. Tenders were as follows:—

E. Savard & Co.	99.425
Wood, Gundy & Co.	99.40
Can. Bank of Commerce	99.375
Credit Anglo-Francais, Ltd.	99.373
Rene T. Leclerc, Inc.	99.30
A. E. Ames & Co., Ltd.	99.27
L. G. Beaubien & Co.	99.12
Dom. Securities Corp.	99.11
Dyment, Anderson & Co.	98.85
Hanson Bros.	98.77
Mead & Co.	98.73
Normand & Halin	98.13

BOND MOVEMENTS OF THE WEEK

Week Ending January 18

Bonds—	Int. Rate	Due	Yield	Range, 1925 High	Low	Range, 1926-7 High	Low	Ask	Latest Price Bid	High	Low
Asbestos, g. mtge.	6	1956	6.76	..	..	90¼	81¾	90½	90¼	90¼	89
Can. Canners	6	1950	6.24	96½	90	100	94	97½	97	97	..
Can. Locomotive	6	1951	6.00	98¼	95	100	99	..	99⅞	100	..
Canada Cement	6	1929	5.27	103	100	102½	100½	102	101	102	..
Cedar Rapids	5	1953	5.03	99⅛	97	101½	98⅛	99½	..	99½	..
Montreal Cotton	5	1943	5.36	..	..	..	..	..	..	96	..
Montreal Trams "A"	5	1955	5.30	94	88¼	95½	93	96¼	95¾	95½	95
Montreal Power	5	1933	5.08	..	..	..	..	..	..	99½	..
Quebec Rly.	5	1939	5.32	98	89¾	100	91⅞	..	97½	97	..
Steel of Can.	6	1940	5.28	106	104	107⅞	106	..	107	107	..
Wabasso	6	1947	5.96	99	92	100¾	99	..	100	100¾	..
War Loan	5	1931	4.70	102.65	101.80	102.40	100.35	101.85	101.50	101.85	101.40
Do.	5	1937	4.59	104.95	103.80	104.65	102.75	......	103.80	103.75	103.70
Victory	5½	1927	4.46	103.15	101.05	101.75	100.00	101.20	100.90	100.90	100.60
Do.	5½	1933	4.68	107.00	105.10	106.80	103.65	......	104.80	104.80	104.50
Do.	5½	1934	4.92	104.80	103.25	104.10	102.15	103.80	103.65	103.85	103.70
Do.	5½	1937	4.56	110.00	108.05	109.30	106.90	107.95	107.80	108.00	107.40
Do., Renewal	5½	1927	4.90	102.65	100.90	101.75	100.00	100.90	100.65	100.65	100.50
Do.	5½	1932	4.92	104.20	102.10	103.40	102.00	103.25	102.90	102.90	102.50
Do., Refund	5	1928	4.90	101.40	100.10	101.30	99.00	100.60	100.50	100.55	100.50
Do.	4½	1940	4.70	97.30	96.00	98.00	95.60	98.05	.....	98.00	97.60
Do.	5	1943	4.76	102.95	101.20	102.95	101.15	102.90	102.75	102.95	102.45
Do.	4½	1944	4.70	97.75	94.95	97.75	95.75	98.05	97.75	97.75	97.30
Do.	4½	1946	4.69	.....	......	98.00	95.60	98.05	97.65	98.00	97.30

FEDERAL REVENUE AIDED BY CUSTOMS

Income Exceeds Expenses and Net Debt Reduced by $46,000,000

Recent investigations into the workings of the customs department have been fruitful in that a closer check is being made upon importations to the benefit of the Dominion's treasury. Of course, the increase in revenue from this source is also, in large measure, accounted for by the increase in value of foreign purchases, but the fact remains that during the first nine months of the present fiscal year—April to December, 1926—taxation revenue from customs duties increased from $95,202,715 to $107,088,975, or a little better than eleven per cent. At the same time revenue from excise duties jumped from $33,614,178 to $38,274,977.

The increase in revenue from these two sources was largely responsible for the better showing made in total ordinary revenue during this period. Aggregate income during the nine months amounted to $302,021,463, as compared with $288,009,727. Taxation provides $267,667,194 of the total, while the balance was made up of income from investments, post office, Dominion lands, Canada Grain Act and miscellaneous sources.

Advance Money to C.N.R.

On the other side of the Dominion's ledger, ordinary expenditures are shown at $255,654,554, a slight increase over the previous corresponding period when expenses amounted to $252,307,608. With three exceptions, all items listed under ordinary expenditure show a decrease for the present fiscal year, but under special expenditure an advance of $10,000,000 to the Canadian National Railways and $440,000 to the Quebec Harbor Commission are recorded. In the previous period, the only outlay on account of these two items was $32,000,000 advanced to the Quebec Harbor Commission. Offsetting these loans to some extent, is a reduction in miscellaneous charges to consolidated fund from $2,522,087 to $515,568.

In view of the greater economies carried out by the Federal Government, it was possible to make a substantial reduction in the public debt, which at the end of 1926 stood at $2,343,364,190, as compared with $2,381,735,027 at the close of the preceding year. From the standpoint of the individual, this reduction means a decrease per capita from about $254 to $250. This is the lowest point reached since 1919.

CUT DISTRIBUTION COSTS, FOCUSSING AT POINT OF SALE

(Continued from page 1)

group numerically were entitled "distributors," including the better class of retailer doing a business of anything up to $250,000 a year. The line of demarcation between those retailers and the upper classification entitled "merchants," was thought to be properly entitled "departmentalizing," because this development was peculiar to the class of merchant who reached the upper group and who was doing business in excess of $250,000 a year. This class entitled "amoeba" included those small retailers of the kind who, by their methods, were alleged to be unfit to be called either distributors or merchants and who were promptly excluded from further consideration of dealer helps. That the greatest growth in future would come in the merchant class was agreed.

A movement of certain progressive distributor retailers into this upper classification was also to be expected. The needs of these two classes were entirely different and required special attention. It had already been shown that the merchant class was not responsive to the same class of dealer help material which was suitable to the distributor type of retailer and it was the feeling of those attending the conference that adherence to such classifications would in future prevent much of the wastefulness in such helps.

"There is a very definite division between these classes," said Mr. Taft. "The merchant feels quite the equal of any manufacturer and he can use the manufacturer's co-operation along certain lines. He does not want dealer helps. In such stores I have found waste paper baskets full of literature giving "hints on turnover," and such like, about which the retailer knows more than the manufacturer, because it is his business to know such things and he would not be where he is if he did not know such things."

Bearing out the foregoing, testimony was given by a number of manufacturers.

Throughout the discussion it was apparent that manufacturers and jobbers have come to a very definite realization of the fact that the retailer and his salesmen represent to-day the crux of the situation. It is here that contact with the consuming market is established and it was agreed that unless retailers are operating most efficiently, developing consuming markets in an aggressive manner and securing an adequate profit return to justify their efforts, the whole machinery of production will be forced to put on the brakes.

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is largely the question of combining the essential factors of security, saleability, yield and possibility of advancement in price.

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WEEKLY RECORD OF CANADIAN FINANCING

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
East Angus	Jan.	Wood, Gundy & Co.	5½%	30-yr. ser.	$125,000	102.65	5.26
Sherbrooke R. C. School	Jan.	E. Savard & Co.	5%	40-yr. ser.	125,000	99.425	5.04
Truro, N.S.	Jan.	J. C. Mackintosh & Co.	5%	....	20,000	100.56	4.97
Bridgeburg	Jan.	W. C. Brent & Co.	5½%	15-yr.	121,183	101.25	5.32
Montreal	Jan.	Wood, Gundy & Co.	4½%	1947	2,500,000	97.43	4.70
St. Lambert	Jan.	Ames & Co., and Mead & Co.	5%	....	419,200	98.39	....
Lachute, Que.	Jan.	J. L. Ayres	5%	30-yr. ser.	25,000	100	....
St. Rose West, Que.	Jan.	Credit Anglo-Francais	5%	30-yr. ser.	25,000	98.36	5.17

OFFERINGS OF CORPORATION AND FOREIGN SECURITIES

Stock Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Howey Gold Mines	Jan.	Draper, Dobie & Co.	...	....	1,000,000 shs.	50c.	...
Can. Brewing Corp.	Jan.	Aird, Macleod & Co., and Syndicate	...	com.	100,000 shs.	$30	...
Granada Rouyn	Jan.	A. D. McMillan & Co.	...	....	1,000,000 shs.	20c.	...
Potter-Doal Mines	Jan.	Solloway, Mills & Co.	...	....	100,000 shs.	30c.	...

Insurance for Buyer and Seller

INSURANCE FINDS NEW FIELD AMONG BUSINESS WOMEN

Necessary for Them to Look Ahead to Older Years

In the last twenty-seven years, many have claimed the privilege of calling the twentieth century their own. It has become increasingly familiar to hear that "The twentieth century belongs to Canada" or to democracy, or to big business, or to whatever else happens to appeal to the popular fancy. To the truth of some of these, time will probably give the lie. While to others the next seventy years will but serve to bear out the prophecy of early promise.

It is not without justification, however, that the twentieth century is said to belong to women. The war, leveling, as it did, the barriers of sex, brought to a head a process of emancipation that has been evolving for centuries. The new-found independence brings naturally in its wake, new responsibilities and new opportunities, and it is in relation to these that the question of "Life Insurance for Women" has been discussed by Miss Flora B. Stewart, of the Sun Life Assurance Co., an outstanding Canadian producer.

"The cynical Lord Byron once wrote: There is a tide in the affairs of women, which, taken at the flood, leads—God knows where. The war was that tide: women took it at the flood and although no one knows where it is leading, one direct result is, women are buying life assurance as they never could or did before. Traditions and conventions which had hitherto hemmed women in on every side were swept away by the war, and they were suddenly faced with the necessity of converting into practice the fine theories about which they had agitated for years. They speedily discovered that marriage was no longer an economic necessity; they could work, and moreover, they found they liked to work. No longer need an impecunious young girl dread a life of monotony as a poor companion, humoring the whims of an irascible mistress; or as a governess, regarded probably as an upper servant, and constantly subject to the uncertain tempers of spoiled children; or as a maiden aunt, practically dependent on the charity of relatives in whose home she lives on sufferance, expected to do the menial work of the house and then to creep unobstrusively into the furthest corner of the attic.

Looking Ahead to Fifty

"But the new found independence of woman has brought in its train inevitable responsibilities: she must now provide for the future precisely as a man does, and the working life time of a woman is at best ten years less than that of a man. It is unfortunate from the feminine point of view, that practically all employers are men, for, while all of us know cases of charming, intelligent gentlemen of fifty taking precedence over a raw youth, yet how unlikely for a woman of fifty, however ladylike or capable she may be, to be chosen in preference to a fairy, flapper applicant. The average woman stops active work at an age when she has just as much, or more pride, than when she began her business life, and it must not be forgotten that it will be infinitely harder for this modern woman to endure a dependent old age than it would have been for her pre-war, stay-at-home sisters.

"A sane realization and consideration of these things has come to be quite common among women, and not only among single women, for a goodly number of families recognize the economic importance of the mother's position in the household, and insure against her loss. This applies especially to small business partnerships in which a man and wife who cannot afford help, run both house and shop. Everywhere we turn, a corner grocery of this sort meets the eye; or it may be that both husband and wife are doctors working side bv side; or they may divide the business and artistic duties of an interior decorating shop; or in tailoring or millinery, the woman may sell while the man designs; or, as in a well known dressmaking establishment, in which one woman chooses the style, another the color, a third the material, while a fourth supervises the workmanship and a man is entirely responsible for the buying, and the giving of credit. An so it is quite plain that the selling of business insurance ought not to be confined to men alone.

Maximum Possible Income

"Naturally, provision for old age will be more necessary than protection for the mass of women workers. The woman who is quite alone in the world will want to provide herself with the maximum possible income, beginning at a given age, usually from 55-60, except in such sheltered occupations as literary or artistic work. A daughter supporting parents, or educating brothers and sisters, or nieces and nephews, will choose one of the modern plans devised with graded amounts of protection. For the woman whose capital is so small that she cannot live on the interest and yet will not break into the principal on account of the acceleration in its depreciation—a variety of immediate or deferrred annuities are available—two aged maiden sisters might find that a joint survivorship annuity would fit their needs. But whatever the need may be, and however it is to be met, the average woman is reluctant to put all of her savings into any sort of thing from which she might possibly draw very little herself and which, in the event of her death, would pay nothing.

Love of Independence

"In this great field of insurance, the compelling motive in the minds of the majority of women who purchase, is an innate love of independence. On the other hand, one of the greatest causes of lapsation among women policyholders, is their marriage to men who are not able to keep up the payments of premiums to their wives. This last fact emphasizes the retentiveness of business purchased by women and future lapsation will undoubtedly be greatly reduced as more married women demand and obtain a specific salary, to which they are unquestionably entitled as manageress of the home, which salary shall be a percentage of the free surplus of the husband — usually a non-existent quantity.

"For the future I am very hopeful, my hopes being based on my own experiences of the past seven years. As I see it, ever-increasing numbers of women are to live independent lives, not only from necessity but also on account of the fact that a taste of freedom and independence is making them less ready to undertake the burden of a household and family without commensurate means. In other words, the economic freedom of women has undoubtedly raised the marrying age and lowered the marriage rate. The growing desire for luxury has also affected the younger people of both sexes, and to-day they are not so eager to marry and assume the cares of householders until they are in a position to start pretty nearly where their parents left off. Women have come into the industrial, the commercial and the financial world to stay, and this fact may just as well be recognized and provided for. What the effect on the future of humanity may be, no one knows, but with their coming, the institution of life insurance guaranteeing as it does, protection and provision against death and old-age, will find a new and valuable place for itself in the coming years."

Confederation Life New Business Was $45,000,000

Reflecting the improved conditions that Canada has experienced during the past year, the fifty-fifth annual report of the Confederation Life Association was submitted by the directors of the company this week. The total amount of new insurance for the year, including bonus additions and renewals, amounted to $45,076,775, being an increase over the previous year of $4,592,642, a ratio of increase of a little more than 11 per cent. for the year. The total insurance in force at the close of the year amounted to $230,747,937, an increase for the year of $24,030,246, being 56 per cent. of the amount of new business writtten during the year. The net revenue, both from premiuims and interest shows an increase of nearly $1,500,000 over 1925. The surplus earned on the year's operations was $1,548,704, and total assets now amount to $50,660,858, being an increase for the year of $5,481,606.

In submitting the report the directors state that the plentiful supply of funds for investment, coupled with the scarcity of good mortgage loans, compelled investment largely in bonds and preferred stocks.

The following is a comparative summary of the company's position in 1925 and 1926:

	1926	1925
Prem. income	$ 9,799,374	$ 8,530,053
Interest income	2,588,098	2,354,109
Total	$12,387,472	$10,884,162
New assur. written	45,076,775	40,484,133
Insurance in force	230,747,937	206,717,691
Total assets	50,660,858	45,179,252
Paid to policyholders	4,495,356	4,086,582
Year's surplus	1,548,704	1,562,001

FIRE INSURANCE RESULTS IN CANADA SEE IMPROVEMENT

Premiums Increase and Loss Ratio the Lowest in Six Years

By JOHN B. LAIDLAW,

Manager for Canada, Norwich Union Fire Insurance Society, Toronto, in his annual review written for the Journal of Commerce, New York.

In reviewing the results of fire insurance in Canada for the year 1926, among the first questions naturally arising are the volume of business transacted and the ratio of loss sustained. The volume of fire insurance premiums received in Canada has been fairly stationary for the last seven years. The premiums of 1925, however, showed a small increase over those of 1924, and it is thought that the premiums of 1926 were increased about 5 per cent. over those of the previous year. That is the estimate of increase made by G. D. Finlayson, Superintendent of Insurance, Ottawa.

In regard to the fire losses sustained, Mr. Finlayson made an estimate that the ratio would be about 50 per cent. which upon an increased business would show the losses to have been practically the same in amount as in the previous year. The statement of fire losses in Canada, however, show an increase of nearly two and a half millions in the fire losses of 1926 over 1925. It seems probable, however, that the loss ratio to premiums has been in the neighborhood of 50 per cent., which would afford a moderate profit to the companies on their underwritings.

The figures of premiums and losses for the past seven years, with the business of 1926 estimated, are as follows:

Year—	Premiums Received	Losses Incurred	Losses to premiums
1920	$50,565,856	$22,931,529	45.25
1921	47,199,765	27,463,837	58.00
1922	48,168,310	32,848,020	68.19
1923	50,218,192	31,860,107	63.44
1924	49,837,480	29,247,450	58.60
1925	51,027,062	26,941,747	52.79
1926	53,500,000	26,750,000	50.00

Upon the first of July this year the Dominion will celebrate the sixtieth anniversary of the confederation of the four provinces of upper and lower Canada, New Brunswick and Nova Scotia into the Dominion of Canada on July 1, 1867. The fiftieth anniversary fell during the great war, and could not then be observed, but it is aimed to carry through this year public celebrations at Ottawa and all other important centers which will mark in some way the progress of the Dominion since confederation.

Records Since 1869

In this connection it may not be amiss to now review the progress of fire insurance in Canada during the past sixty years. When the Dominion Government was created all departments were not immediately organized, and so there is no record available of insurance premiums and losses prior to 1869. The figures quoted in the accompanying table are only of the premiums reported by companies licensed by the Dominion, and do not include the figures of companies organized by a province, and reporting only to a provincial department. The premiums of such provincial companies now amount to about $5,000,000 per annum, or about 10 per cent. of the premiums of the companies reporting to the Dominion.

In life insurance in Canada the Canadian companies have completely outdistanced both British and American offices, but in fire insurance the proportion of the premiums written by the Canadian companies has dropped from nearly 35 per cent. to nearly 15 per cent. of the total, and several of the Canadian companies are now owned or controlled by British and foreign companies. The proportion of the business written by the British companies has remained fairly constant, while that written by foreign companies has increased three and a half times, and United States companies compose the greater portion of the foreign companies.

Canadian Non-Tariff Companies

The question may be asked why have Canadian companies done so well in life insurance and so poorly in fire insurance, and one answer might be that in fire insurance the operations of the Canadian companies have been very largely along non-tariff lines. They have preferred warfare to co-operation, and have been the victims of their own policy. All lines of business, as well as most governments, to-day recognize that warfare is destructive, and that only through cooperation can firm and lasting foundations be laid. Unfortunately, however, the lesson has not yet been fully learned by some fire insurance men in Canada.

At the conference, held in Montreal in October, 1924, of British and United States managers, to consider fire insurance affairs in Canada, it was formally resolved that companies members of the Fire Tariff Association should become members of the associations controlling other lines of insurance. In British Columbia the Fire Tariff Association and the Automobile Tariff Association are endeavoring to consummate an amalgamation, but some British and some American companies, which were supposed to be bound by the resolutions of the Montreal meeting, are opposing that effort. The same companies have ceased to be members of the Automobile Association in Eastern Canada and have carried on a most aggressive campaign along non-tariff lines.

Metropolitan Announces Further Changes in Field

The following recent changes in the field are announced by the Canadian head office of the Metropolitan Life:

Leopold Denomme, agent unattached, at Windsor, Ontario, is appointed assistant manager same district.

Lewis Winnell, manager at Oshawa, is appointed general assistant manager in Canadian territory.

Frederick E. Johnson, assistant manager at Kingston (Belleville) Ontario, is tranferred to Kingston, Ontario.

Sydney K. G. Brogden, assistant manager at Kingston, is transferred to Kingston (Belleville).

J. E. Lachapelle, agent at North Bay, is appointed agent unattached same district.

James Judge, assistant manager at Calgary, Alberta, is appointed general assistant manager.

Pierre Albert Guay, agent at Verdun, Montreal, is appointed assistant manager at Chicoutimi, Quebec.

Albert Castonguay, assistant manager at Chicoutimi, has resigned.

Joseph A. Lescom, formerly assistant manager at Trois Rivieres, Quebec, is back from disability, and is re-appointed assistant manager in Canadian territory.

Louis C. Bierwagen, agent at Calgary, Alberta, is appointed assistant manager at Calgary.

George H. King, agent at Winnipeg, is appointed assistant manager at Winnipeg.

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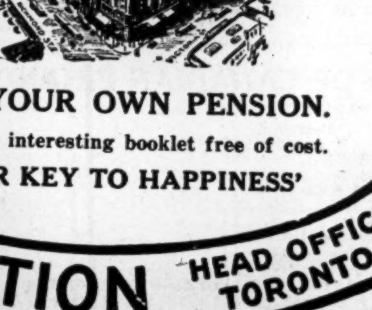

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S81

HOW SAFEGUARDS MINIMIZE DANGER OF THEATRE FIRES

American Underwriter Discusses Montreal "Movie" Tragedy

The Spectator, American insurance paper, discusses the Montreal theatre fire and states that modern safeguards minimize chances of such disaster. Charles C. Dominge, underwriter, says in the Spectator.

"The fire in Laurier Palace moving picture theatre in Montreal is just another case to be added to the already long list of theatre disasters.'

"While the majority of theatre fires have had their origin on the stage, or back of stage, this fire started in the auditorium in the rear of balcony, and the terrible loss of life could doubtless have been avoided if there had been ample exits and stairways.

"The memory of the writer goes back to the time of the Iroquois (fireproof) Theatre in Chicago, which burned during a matinee performance of "Bluebeard" on December 30, 1903, taking a toll of 573 lives. An eminent fire protection engineer summed up his report with the following:

"'In the great theatre fires of history the loss of life has commonly resulted from the rapid spread of flame on a stage covered with scenery, followed within two or three minutes by an outpouring of suffocating smoke through the proscenium arch into the top of the auditorium; before those in the gallery could escape, death has come, chiefly to those in the balconies and galleries, and often within less than five minutes after the first flame.'

Four Cardinal Safeguards

"The Montreal fire, starting in the auditorium instead of on the stage, coincides with the conclusions of the engineer's report in that those who were not killed or injured at the stairway exit had their lives snuffed out by the suffocating smoke, which entirely encircled the auditorium.

"There are four cardinal safeguards in a theatre, which, if faithfully carried out, will tend to minimize the enormous losses in this class: :

"1. The providing of ample automatic quick-opening smoke vents over the stage.

"2. The thorough equipment of the stage with automatic sprinklers.

"3. A properly-constructed proscenium wall, with steel opening protected by an approved fire curtain (steel and asbestos, or double asbestos) installed in a standard manner.

"4. The providing of ample exits and stairways.

"It cannot be said that there will never be another terrible theatre fire in America, but the likelihood of such a catastrophe is being reduced as theatre owners and architects learn more about the safeguards recommended by the underwriters.

Mutual Life Brings Insurance to $354,000,000

Another life insurance company to register substantial gains during the year just past is the Mutual Life of Canada, which published its record of accomplishment this week. New business issued by the company during 1926, amounted to $50,039,348, an increase of $4,465,771 over the previous year. The total insurance in force at the end of the year was $354,069,722, an increase of more than $31,000,000 over 1925. The assets of the company total $80,612,535.

In commenting on the company's progress during the year, W. H. Somerville, general manager of the company, points out that in spite of a heavy increase in business which constitutes a record in the company's history, the ratio of expense to income has been reduced from 15.23 per cent. in 1925 to 15.11 per cent. in 1926. Another feature of the report is that the net earnings reached a new high record and now stands at $4,141,375. The rate of interest earned on the company's funds is exceptionally high and averaged throughout the year 6.48 per cent. Comparative figures for the last two years are as follows:

	1926	1925
Premium	$12,768,601	$11,598,044
Interest income	4,505,936	4,081,976
Total	$17,274,537	$15,680,020
New assurances writ.	50,039,348	45,573,577
Insurance in force..	354,069,722	322,529,285
Total assets	80,612,533	72,517,566
Policy reserves	69,498,619	62,502,159
Net earnings	4,141,375	3,796,982
Rate of int. earned..	6.42%	6.48%
Ratio of exp. to inc.	15.23%	15.11%
No. of pol. in force	156,459	144,756

Weekly Bank Clearings

(In comparison with the same week last year)

Eastern Cities

	Jan. 14, 1926	Jan. 13, 1927
Montreal	$103,963,581	$109,753,830
Toronto	92,254,489	103,583,509
Quebec	5,558,560	7,045,479
Ottawa	5,655,983	5,732,226
Hamilton	4,281,307	4,811,181
Halifax	3,978,564	3,258,934
London	2,306,589	2,777,490
St. John	2,799,431	2,608,085
Windsor	3,198,534	4,062,772
Kitchener	982,252	1,169,986
Brantford	895,500	931,549
Peterboro'	721,825	1,136,983
Kingston	612,844	661,787
Sherbrooke	770,087	849,510
Moncton	904,123	918,924
Chatham		753,733
Sarnia		602,216
Total, East	$228,883,669	$240,302,245

Western Cities

	Jan. 14, 1926	Jan. 13, 1927
Winnipeg	$ 46,577,123	$ 46,072,397
Vancouver	10,211,252	14,984,593
Calgary	8,429,402	7,745,916
Regina	4,654,945	4,937,921
Edmonton	4,716,709	5,146,656
Victoria	1,949,439	2,003,465
Saskatoon	1,970,938	1,754,533
Moose Jaw	1,176,091	1,300,184
Fort William	664,471	766,205
N. Westminster	623,322	713,424
Brandon	483,275	522,817
Lethbridge	645,009	585,722
Prince Albert	358,155	397,783
Medicine Hat	257,203	251,891
Total, West	$ 82,717,334	$ 87,183,507

The West Develops

Those who are not familiar with the strong and steady growth of the West will find it profitable to do so.

Development is on sound lines and recognized industry pays well. Investment should be made under advisement of a reputable financial institution.

Pemberton & Son
Financial Agents
418 HOWE STREET
Vancouver, Canada

New Insurances Licenses

Dominion insurance license has been issued Mount Royal Assurance Company to write sprinkler leakage insurance and tornado insurance.

Insurance Personals

The Toronto Insurance Conference held their annual meeting this week and appointed three new members to the executive. The president, J. E. Proctor, presented his report for the year, followed by a discussion of agency problems. Three newly elected members are Lyman Root; McKnight, Ross and Douglas, Ltd., and George R. Hargraft & Co. A banquet is to be held in the near future.

The challenge cup, competed for annually by the various divisions of the Excelsior Life Insurance Company has been won for 1926 by W. J. Craise, manager for South Saskatchewan. The runner-up in the competition for production in 1926, was the British Columbia district under the management of F. J. Gillespie. The cup is given annually to the district showing the best production during the year.

Norman W. Matthews has been appointed supervisor of agents for the Toronto office of the London Life Insurance Co., and has been stationed at the Yonge St. office of the company, as Uptown manager.

BANK OF TORONTO

The Bank of Toronto is opening an office at the corner of Burrard and Robson Streets, Vancouver, according to an announcement by the management. The existing building on the southwest corner is to be renovated and made attractive and of an appearance in keeping with bank business. Plans call for the branch being opened about February 15.

Imperial in Noranda

Canadian banks as pioneers have been early in every Canadian mining camp. Now the Imperial Bank has opened a branch in the Townsite of Noranda, temporary accommodation having been obtained on the premises of the Horne Copper Co.

Bank of Montreal Puts Weldon Over Mexican Branches

From Our Own Correspondent.

MONTREAL.—The Bank of Montreal announces the appointment of Haliburton Weldon as assistant general manager in charge of Mexico branches, with headquarters at Mexico City.

Mr. Weldon is a native of Shediac, N.B., and began his career with the Bank of Montreal at Moncton, N.B., in 1903.

After filling positions in several branches of the Bank of Montreal in Canada, he was in 1912 transferred to the Mexico City branch of the bank, and since 1923 has held the position of superintendent of the Mexico branches.

Mr. Weldon is widely known in Mexico, and the bank's business in that country has shown marked growth under his supervision. Quite recently, the bank acquired the business of the Mexico City Banking Corporation, and now has seven branches, giving it a wide representation throughout the republic.

Montreal City & District Calls $25 Per Share

From Our Own Correspondent.

MONTREAL.—The Montreal City and District Bank, to take care of the expansion of its business, is calling the balance of its subscribed capital which amounts to $25 per share. The stock is to be paid up by April 1 next at which date the bank will have a fully paid-up capital of $2,000,000.

The stock pays $2.50 per share each quarter and recent transactions have taken place around $190. The shares are not listed on the stock market and any demand for the stock would probably put the price up to around $200 a share.

IMPERIAL OPENS BRANCH

Imperial Bank of Canada announce having acquired premises at the corner of Rogers Road and Oakwood Avenue, Toronto, and are opening a branch at that point in the course of a few days' time.

ROYAL BANK

C. E. Neill, general manager of the Royal Bank of Canada, has announced that arrangements have been made by the bank for the opening of a branch in the west end of London, England. The new branch, which will supplement the service of the main London office, will be located in the new building of the Sun Life Assurance Co. The building faces both on Pall Mall and Cockspur Street, and directly adjoins the Canada Building.

Staff Gossip

Harold England, of Petrolia, a former member of the Bank of Nova Scotia staff of Windsor, has been transferred to the London branch of the bank.—Free Press, London.

* * *

Mr. and Mrs. George Tilley, who have many friends in Listowel, are leaving for their new home in Ford City. Mr. Tilley has received a promotion in the Bank of Montreal service.—Beacon-Herald, Stratford.

* * *

On the eve of their departure from Welwyn for Ontario where they will reside in future, Mr. and Mrs. Myles were presented with an electric lamp at a community gathering in the United Church. Mr. Myles opened the Welwyn branch of the Bank of Toronto three years ago.—Leader, Regina.

* * *

The Bank of Nova Scotia opened for business in the new quarters, the Primrose Block, at Bridgetown, the building acquired by them some months ago. The building is very nicely and conveniently fitted up and the branch here looks forward to a period of increasing prosperity under the management of John Kennedy.—Herald, Halifax.

* * *

W. A. Reid, who has just been appointed manager of the Yarker branch of the Bank of Montreal, has had wide experience in banking in various parts of the Dominion. He is a native of Ottawa and entered the service of the bank in 1906. H. P. Ferrier, whom he succeeds, has been promoted to the managership of the Ayr, Ont., branch. —Express, Napanee.

* * *

Paul P. Gallagher, a messenger in the New York office of the Royal Bank of Canada, has just been elected to his fourth term in the New York State assembly.

Mariano Gradin, who has just been appointed manager of the Royal Bank branch at Buenos Aires is a native of Argentine. He comes to the Royal after 33 years' service with the Banco de la Nacion, Argentina, during which time he rose from junior clerk to general manager.

Herbert, C. F. Fraser, recently appointed manager of the Royal Bank at Rio de Janeiro, was born at St. Vincent, B. W. I. Twelve years previous to joining the staff of the Royal, Mr. Fraser was employed in various capacities in South America by the National City Bank of New York. For several years Mr. Fraser was manager at Pernambuco, sub-manager and trader at Buenos Aires, and he also spent two years at Sao Paulo. Mr. Fraser has also served on the staffs of the Greenwich Bank, New York; Nassau National Bank, and the Irving Bank after its consolidation with the former institution.

T. T. Fennell, for several years inspector in the Quebec supervisor's department of the Royal Bank, has taken over the duties of assistant manager at Toronto.

Mr. Fennell started his banking career on July 1, 1910, with the Traders Bank, at Grand Valley, Ont., and was teller-accountant at Thamesford when the Traders was taken over by the Royal. He then received appointments at various Ontario branches and, in December, 1918, went to the supervisor's department, Toronto, previous to his transfer to head office, Montreal, two years later.—Royal Bank Magazine.

* * *

H. B. Brock, who has been appointed manager of the Lancaster branch of the Bank of Montreal, was accountant at the Cornwall branch for the past five years, so that he is well acquainted with conditions in this section of Ontario.

Mr. Brock is a native of Montreal and obtained his early banking experience with the Bank of British North America, passing into the service of the Bank of Montreal when the former institution was merged with the latter.—Times, Alexandria.

INVEST YOUR SAVINGS

5½% Interest Return

in a 5½% DEBENTURE of The Great West Permanent Loan Company

SECURITY

Paid-up Capital	$2,414,663.00
Reserves	1,100,000.00
Assets	6,184,420.00

HEAD OFFICE, WINNIPEG
Branches: Toronto, Regina, Calgary, Edmonton, Vancouver, Victoria, Edinburgh, Scotland.

BANQUE CANADIENNE NATIONALE

52nd Annual Statement

PROFIT AND LOSS ACCOUNT

30th NOVEMBER, 1926

CREDIT

Balance at Credit of Profit and Loss Account 30th November, 1925....................		$ 265,018.55	
Net profits for the year ending 30th November, 1926, after deducting expenses of management, interest accrued on deposits, rebate of interest on discounts, and making full provision for all bad and doubtful debts...		860,659.60	$ 1,125,678.15

DEBIT

Dividend No. 140, paid 1st March, 1926....................	$137,500.00		
Dividend No. 141, paid 1st June, 1926....................	137,500.00		
Dividend No. 142, paid 1st September, 1926................	137,500.00		
Dividend No. 143, payable 1st December, 1926............	137,500.00	$ 550,000.00	
Pension Fund..............................		30,000.00	
Provision for Dominion Government Taxes...		100,000.00	
Provision for payment to the Treasurer of the Province of Quebec under Statute 14, Geo. V, Ch. 3..........................		125,000.00	
Balance at credit of Profit and Loss Account 30th November, 1926....................		320,678.15	$ 1,125,678.15

A. COURTOIS, Chief Accountant.
BEAUDRY LEMAN, General Manager.
J. A. VAILLANCOURT, President.

BALANCE SHEET

30th NOVEMBER, 1926

LIABILITIES

Notes of the Bank in circulation...............		$ 11,218,414.00
Deposits not bearing interest.................	$18,128,991.61	
Deposits bearing interest (including interest accrued to date of statement)............	96,767,773.63	114,896,765.24
Balances due to Banks in Canada.............	552.60	
Balances due to Banks and Banking Correspondents in the United Kingdom and Foreign Countries..........................	654,533.00	
Letters of Credit outstanding.................	840,258.22	1,495,343.82
		$127,610,523.06
Capital Stock paid in........................	5,500,000.00	
Reserve Fund...............................	5,500,000.00	
Dividends declared and unpaid...............	1,527.85	
Dividend payable 1st December, 1926..........	137,500.00	
Balance of Profit and Loss account (after deducting payments to the Treasurer of the Province of Quebec under Statute 14, Geo. V, Ch. 3)............................	320,678.15	11,459,706.00
		$139,070,229.06

ASSETS

Gold and current coin........................	913,765.94	
Dominion Notes..............................	8,604,090.00	
United States and other foreign currencies......	176,746.07	9,694,602.01
Notes of other Banks.........................	1,122,290.00	
Cheques on other Banks......................	6,466,981.40	
Balances due by Banks in Canada.............	849,314.61	
Balances due by Banks and Banking Correspondents elsewhere than in Canada........	1,460,570.91	
Deposit in the Central Gold Reserves.........	6,500,000.00	
Deposit with the Minister of Finance for the purpose of Circulation Fund...............	281,035.05	16,680,191.97
		$ 26,374,793.98
Dominion and Provincial Government Securities, including demand loans, not exceeding market value................................	20,801,640.56	
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	11,437,105.97	
Railway and other Bonds, Debentures and Stocks, not exceeding market value........	1,435,580.09	33,674,326.62
Loans to cities, towns, municipalities and school corporations............................		6,797,198.85
Call and short (not exceeding thirty days) loans in Canada on Bonds, Debentures, Stocks and other securities of a sufficient marketable value to cover..........................		5,891,554.52
		$ 72,737,873.97
Other current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts....		55,963,647.86
Other current loans and discounts elsewhere than in Canada (less rebate of interest) after making full provision for all bad and doubtful debts............................		1,289,323.02
Liabilities of customers under Letters of Credit as per contra............................		840,258.22
Mortgages on Real Estate sold by the Bank...		1,006,399.15
Real Estate other than Bank Premises........		1,253,362.56
Non-current loans (estimated loss provided for)		180,983.54
Bank premises at not more than cost (less amounts written off)......................		5,470,438.58
Other assets not included in the foregoing.....		327,942.16
		$139,070,229.06

A. COURTOIS, Chief Accountant.
BEAUDRY LEMAN, General Manager.
J. A. VAILLANCOURT, President.

Note:—The assets and liabilities of Banque Canadienne Nationale (France), same being considered a branch operating as a subsidiary of Banque Canadienne Nationale, are included in above Balance Sheet.

AUDITORS' CERTIFICATE

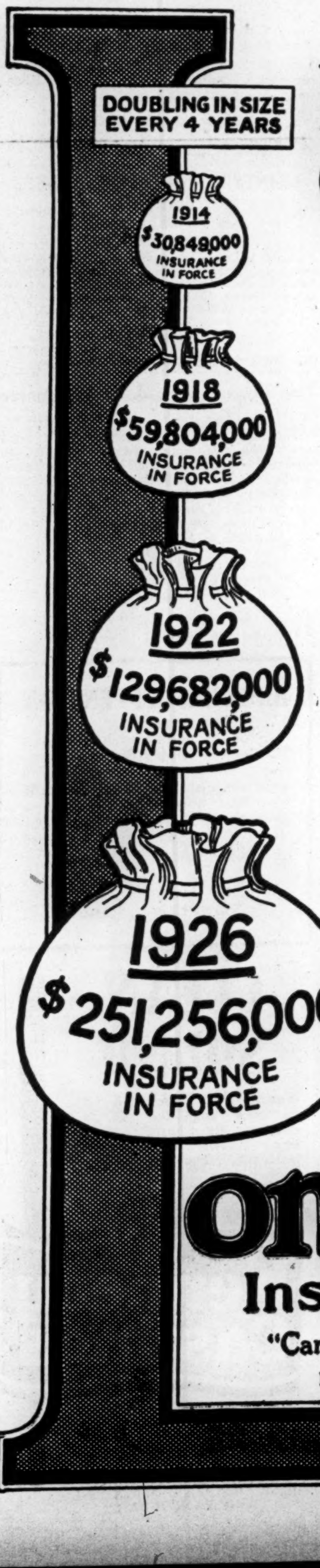
We beg to report to the Shareholders of Banque Canadienne Nationale that we have checked the cash and verified the securities of the Bank at the Chief Office as at 30th November, 1926, as well as at another time during the year, and found they agreed with the entries in the books in regard thereto.

We have examined the books and accounts at Head Office and have compared the above Balance Sheet with these books and with the certified returns from the branches. In our opinion, the Balance Sheet is properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1926, according to the best of our information and the explanations given us, and is as shown by the Books of the Bank.

We have obtained all the information and explanations required by us, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

Montreal, 18th December, 1926.

EUG. TRUDEL, C.A., of LaRue & Trudel.
JOHN W. ROSS, C.A., of P. S. Ross & Sons.
} Auditors.



Remarkable Progress Continued in 1926!

THE RESULTS of the year 1926 have enabled The London Life to maintain its record for doubling in size every four years on the average. This achievement is unprecedented in Canada among the larger companies.

New Business Issued - - $ 73,737,000.
New Business 1922 - $36,947,000
" " 1918 - $16,433,000

Insurance in Force - - $251,256,000.
In Force - 1922 - $129,682,000
" " - 1918 - 59,804,000

Total Assets - - - - $ 37,248,000.
Assets - 1922 - $ 19,234,000
" - 1918 - $ 9,189,000

Highlights from 1926 Report

Rate of Interest earned on invested assets 6.71%.

Reserves for Policy Liabilities on the highest basis in use for any similar class of business.

Surplus Earnings greatest in the history of the Company, permitting of substantial increases to various emergency funds and providing large increase in "Free Surplus."

Dividends to Policyholders substantially increased for 1927

The rapid growth of The London Life is due in large part to the fact that it has met the public demand for insurance protection at guaranteed low premiums and low net cost.

Copy of the Fifty-second Annual Report will be gladly mailed on request.

London Life Insurance Company
"Canada's Industrial-Ordinary Company"
HEAD OFFICE - LONDON, CANADA

GOLD BASIS LINKS U.S.A. AND CANADA IN CLOSER BONDS

So Declares Economist, Discussing Canada's Gold Standard

Return to the gold standard in Canada will link Canada closer to the United States in trade and financial relations, declares J. Courtland Elliott, young Canadian economist, in an article in the New York Times Annalist.

Mr. Elliott says:

"Quite apart from the stability which the addition of the Canadian link to the chain of gold will give to international trade relations, the return to the gold standard is of particular significance to the United States. In recent years Canada has become the greatest source of imports into the U.S.A., as well as the second best customer for American exports, and the aggregate trade is now well over a billion dollars annually. Even with the pronounced depreciation in Canadian exchange in 1920 and 1921, the interdependence of the two countries was strikingly demonstrated; and it would have required more than the disturbing and aggravating influences of a discounted Canadian dollar to alter the customary channels of trade or the mutual reliance of the two countries upon each other's products. Nevertheless, the restoration of parity in the currencies removes a stumbling block in North American trade and assures a continuance of these profitable and important trade relations.

Gold Standard and Financial Entente

"In addition, Canada's return to gold parity portends a growing financial intimacy between the countries in two directions: (1) in the cultivation of a uniform securities market; and (2) in promoting the response of the New York money markets to Canadian financial requirements. Before the war 75 per cent. of Canadian foreign borrowings were in London, and neither in Canada nor in the United States was there an adequate market for Canadian securities. The inability of Great Britain to provide Canadian capital requirements during and since the war has resulted in the creation of a distributive organization and securities market in Canada, closely allied to a corresponding market in the United States, which has come as a result of active American participation in Canadian bond flotations. Since 1914 over four billion dollars of bonds have been underwritten in Canada and, in addition, institutional and private buying of Canadian securities has reached very large proportions in the United States; indeed the volume of private American investment in Canada is larger than in any other country, amounting to about $3,500,000,000, or over 25 per cent. of the total foreign investment of the United States.

"Hitherto the fluctuations of Canadian exchange and the absence of the safeguards which an effective gold standard assures in full payment of principal and interest have introduced an element of uncertainty into the investment relations—especially with reference to "Canadian payment only" bonds—and the market has been narrowed somewhat on that account. With the assurance of stability in the exchanges the market for Canadian securities will be broadened, and it may be expected that even closer investment relations will be established, not only in original underwritings and additional listings on the New York exchanges, but in the establishment of a uniform trading market for Canadian securities throughout the North American continent.

Leave Funds in New York

"In another direction, too, the return to gold is notable. New York has the double function of being the chief clearing centre for Canadian international transactions as well as the outlet for surplus Canadian short-term funds. The principal Canadian chartered banks are under the necessity, therefore, of retaining not only cash and cash balances in New York for foreign exchange operations, but short-term investments in bankers' acceptances, as well as call loans against stock market collateral and bankers' acceptances. All of these foreign banking resources have for long been considered as earning reserves, and in view of the liquidity of stock exchange loans and the present breadth of the acceptance market, they are in reality almost instant claims to American gold.

"The stability of the exchanges imposod by adherence to the gold standard must make the New York money more responsive to Canadian financial needs. The practice of moving surplus banking resources into and out of the United States compels New York to take up the slack in Canadian banking. In other words, redundancy in the gold supply and unwarranted credit expansion are obviated by short-term investment, mainly in New York. The fact that Canadian currency and credit are now tied to gold facilitates the flow of banking funds between the two countries, and Canada will continue to adjust her internal banking position by operations in the New York money market. For the time being Canadian gold production is in excess of financial requirements, but the free gold and broad money markets in this country provide an immediate outlet for surplus reserves. In any redistribution of assets these reserves can be drawn back at will in response to domestic requirements, especially in the Autumn expansion of current liabilities arising from the financial operations involved in crop-moving.

Groundwork for Co-operation in 1927

"In trade, investment and banking, therefore, the restoration of the gold standard in 1926 will have significant reactions in Canadian relations with U.S.A. It lays the foundation for more effective economic co-operation than has yet been attained. Surveying the year in broadest outline, 1926 is notable not only for the promise of growing activity under the impulse of expanding production, trade and capital imports, but for the establishment of such monetary conditions as are prerequisite for stable relations in international trade and finance. If the inferences from the events of 1926 are well founded, 1927 will continue the intimacy of Canada and the United States in these directions."

Grand Forks Cuts Taxes; Plans Own Hydro Plant

Grand Forks, B. C., will round out the year with a cash surplus of about $10,000 and for the first time in its history will complete a year's business without requiring any temporary loans from the bank, says Mayor T. A. Lowe. In this respect the municipality is unique among the cities of British Columbia. This satisfactory condition is at no arbitrary cost to the ratepayers as the taxes of the city to-day are, in round figures, some 25 per cent. less than they were two years ago. This has been effected by reduction in both the assessments and millage. The bonded debt of the city, now about $90,000, including the financing of the new $40,000 high school opened two years ago, and is being adequately protected with sinking funds. Light and water collections have been $400 more than those of 1925.

Having acquired Granby Company interests and water right to Smelter Lake and dam, which formerly played a big part in the operation of the smelter, the city is planning installation of a hydro electric plant

Canada in Its Stride, Says Metal Executive

Optimism in regard to the business outlook this year, is well illustrated by the following remarks of the president of one of the largest metal manufacturing companies in the Dominion:

In so far as the year 1927 is concerned, we feel bound to state that we are optimistic—quite optimistic. Notwithstanding the bad weather in the west, which reduced the quality of the crops and the excessive moisture in the east, which also had a bad effect, we feel that there is no question but that our country is back into its stride, which was so badly dislocated from the effects of the late war.

There seems no question but that the progress in 1926 should continue to an even greater extent in 1927. Of course, the continuing prosperity of this country depends largely on a wise government immigration policy, which will bring to this country the right class of citizens, and a very careful scrutinizing of the present tariff, so that any changes made, either up or down, will cause no injury to the industries at present operating in this country, but which on the other hand, would encourage manufacturing of all classes and description.

SAY BOWMAN MAY YET ACCEPT CHAIR OF TARIFF BOARD

Mutual Life Executive Has Made the Necessary Arrangements

Special Correspondence.

OTTAWA. — The chairmanship of the Tariff Advisory Board is still open and causing a good deal of discussion and negotiation. Hon. Mr. King's choice first fell on C. M. Bowman, of the Mutual Life, Waterloo. Mr. Bowman was regarded as singularly fitted for a public position because of his upbringing, training and knowledge of Canada. His father was M. P. for Waterloo for about twenty-five years and he himself represented the same constituency in the Ontario Legislature and was for many years the Liberal Whip. He has frequently been called in and satisfactorily settled several very disagreeable national misunderstandings.

Mr. Bowman refused the position; first, for the same reason that Mr. Graham resigned—that the position was an unsatisfactory one in that it would merely hear conflicting evidence, the chairman in particular would have to accept the brunt of criticism and have no right to make recommendations based on that evidence. He felt that the board, knowing every angle of a question, were in a better position to make recommendations than an official in the finance department. Second, the salary was but $10,000 a year while Mr. Bowman's present salary from the Mutual Life is said to be $20,000, and he could not afford to lose that amount. Finally, certain directors of the Mutual Life felt that he was so important to them they could not afford to lose him. It is stated now that Mr. King, in his anxiety to secure Mr. Bowman, has promised to make the board a real power and directors of Mutual Life have very generously, in the public interest, agreed to release Mr. Bowman from the heavy work in connection with the company and retain him in an advisory capacity with a generous salary allowance.

The feeling here now is that Mr. Bowman will accept the position. In doing so it is felt he will make great sacrifices in the public interest.

An indication of public opinion is shown by the statement made by one of Mr. King's opponents, who strongly favors Mr. Bowman's appointment, that his acceptance would be probably the strongest factor in strengthening the King Government throughout the country. No man in the East understands and is more popular in the west than Mr. Bowman. His company has millions invested among the farmers of the West, and he makes frequent trips and thorough investigations, and no man understands the Western position better. He is himself a manufacturer — a furniture manufacturer selling largely to agricultural classes. With this experience and with his tact and special ability he could bring the conflicting interests of the East and West together. A member of the Canadian Manufacturers' Association remarked that if they had had a man of his type leading that organization, there would have been no differences between the East and the West.

Sales Book Report to Be Issued in Two Weeks

The annual report of the American Sales Book Co., one of the so-called Moore group of companies, will be available to stockholders in about two weeks. It is expected that a fairly substantial increase in earnings over 1925 will be shown.

In 1925, the company added several lines of products which materially increased the business. General conditions in the United States have remained good since that date. The net profits for 1925 were $593,111, which was $140,000 better than the year before. While this ratio of increase may not be maintained for the year ended December 31st, it is anticipated that the statement will be gratifying to both directors and other stockholders.

Pulp and Paper 1926 Exports $173,000,000

Canada's pulp and paper exports in 1926 totalled $173,491,635. Over 1,400,000 tons of newsprint were exported.

Exports of pulp and paper from Canada in December were valued at $15,202,140, which was a decline of $350,000 from the November total, but an increase of $77,000 over the figures for December, 1925.

The total for the month was made up of exports of wood-pulp, valued at $4,354,177, and exports of paper valued at $10,847,963, the corresponding figures for November being $4,718,435 and $10,833,090, respectively.

For the year 1926 total exports of pulp and paper were valued at $173,491,635, as compared with a total of $154,555,951 for the year 1925, an increase for the past twelve months of $18,935,684, or over 12 per cent.

Exports of wood-pulp in 1926 were valued at $52,077,122, and exports of paper at $121,414,513, an increase over 1925 of $4,145,217 in the value of pulp exports and of $14,790,467 in the value of paper exports. The greatest increase was shown in the exports of newsprint, which rose from $1,401,655 tons, valued at $98,945,337 in 1925, to 1,731,986 tons, valued at $114,689,595, an increase of 330,331 tons in quantity, and $15,144,258 in value.

Details for the year are given below:

	Year 1926		Year 1925	
	Tons	Value	Tons	Value
Pulp—				
Mechanical	382,077	$11,505,818	360,205	$10,573,273
Sulphate	165,433	10,443,538	149,722	9,158,861
Sulphite, Bleached	200,995	15,734,220	185,890	14,049,500
Sulphite, Unbleached	254,576	14,393,546	263,854	14,150,271
	1,003,081	62,077,122	959,671	47,931,905
Paper—				
Newsprint	1,731,986	114,089,595	1,401,655	98,945,337
Wrapping	18,522	2,259,663	20,535	2,779,298
Books (cwts.)	60,545	520,337	47,765	434,693
Writing (cwts.)	19,044	145,806	12,371	102,039
All other	......	4,401,112	......	4,362,679
		$121,414,513	.	$106,624,046

Exports of pulpwood were somewhat smaller in 1926, the total being 1,391,738 cords, valued at $14,066,030, as compared with 1,423,502 cords, valued at $14,066,030, exported in 1925.

ASSERTS BROOKS' OWN CASH BACKS BROOKS MOTORS

Stratford Banquets Head of Company, But He is Not There

Stratford, Ont., business men to the number of 200 recently gave to O. J. Brooks, president of Brooks Steam Motors and Brooks Securities Co., a testimonial banquet in the basement of Knox church, ladies of the church serving the repast. According to the Stratford Beacon-Herald, the one feature which in any way detracted from the affair was that Mr. Brooks was not present. He had been called to Buffalo on an urgent business trip, it was said, and consequently received the testimonials of esteem through a proxy.

Dr. S. H. Atkinson was the proxy, the personal representative. He gave the Stratford folk this news:

The private fortune of O. J. Brooks, and the assets of Brooks Securities, are behind Brooks Steam Motors if Brooks Steam Motors should run short of cash before the factory gets on a profitable production basis.

Further, the factory will be on a production basis, according to Dr. Atkinson, some time this year.

Nearly four columns of Dr. Atkinson's, or Mr. Brooks' speech is reported in the Beacon-Herald, along with a portrait of Mr. Brooks and the bus chassis which, Mr. Brooks believes, will revolutionize bus transportation.

Spends Money There

There is no doubt that Stratford looks on Brooks Steam Motors as an industry of value to the community A good part of the $700,000 spent on experimental work by the company has been spent in Stratford and Stratford, like every shareholder and everyone else, hopes for the success of Brooks Steam Motors.

CANADA CAN BRING NEW ZEALAND INTO AUSTRALIA TREATY

(Continued from page 1)

ronto. He will no doubt create the same impression in the West.

Prior to entering political life in New Zealand in 1919, Mr. Coates' business experience had been confined entirely to his work on his farm and his ranch. He is not a university man but he impresses one as having read widely and thought deeply on practical business and political questions.

He does not pose. He is extremely gentlemanly and courteous at all times. I saw him almost daily in England during the Imperial Conference, and noted that even all-day sessions of the conference with an official luncheon did not prevent him from appearing at the official dinner in the evening with that freshness, poise and interest in others which is characteristic of the Englishman.

Mr. Coates, in addition to being prime minister, holds the portfolio of Railways and also of Native Affairs. He told me New Zealand's railways were on a paying basis.

Strong for Imperial Trade

Coates is a strong Imperialist and very keen on developing inter-Imperial trade. He believes trade cements Empire bonds and, conversely, lack of trade brings indifference and eventually would tend towards disintegration.

New Zealand hopes to sell Canada larger quantities of butter, apples, lamb, mutton, hides. These goods are all keenly competitive with the products of our own Canadian farmers, but Mr. Coates points out that the summer season in New Zealand is just opening up when winter sets in in Canada.

Mr. Coates believes that with the status question definitely out of the way, the next Imperial Conference will be able to devote much more time to economic questions.

In response to a query regarding business conditions in Europe, Mr. Coates stated there had been considerable improvement during the past year but there were still many difficulties ahead of them. He felt the United States had been very unwise in demanding cash payments. After Napoleonic wars, Great Britain made no effort to collect debts in cash but established credits in foreign countries. The United States would be in much stronger position to-day had they adopted similar policy.

Has Wabasso Cotton Expansion in View?

From Our Own Correspondent.

MONTREAL.—A special general meeting of the shareholders of the Wabasso Cotton Co. has been called for February 24 for the purpose of considering an increase in the authorized capital stock, by the creation of an additional 70,000 shares of no par value. The capital stock in the company at present consists of 35,000 shares, of no par value, all of which are issued. Such additional shares would be issued from time to time at the discretion of the directors at a price not to exceed $100 per share.

One of the reasons for the recent rise in the shares of Wabasso is said to be this increase in the capitalization which perhaps may mean that the company has some extensions in view which would involve the issuance of new stock to the present shareholders at prices materially below their market valuation. There has been no official announcement indicating that the company has immediate plans for extension under consideration.

Bell Increases Long Distance

MONTREAL.—It is understood that the revenue from long-distance tolls of the Bell Telephone Company for the year just concluded will amount to about one-third of the total gross revenues of the company. The gross is running at about $20,000,000 annually and long-distance service in 1926 netted the company some $6,900,000. Bell Telephone is constantly improving and speeding up this branch of its service.

FOREIGN EXCHANGES

Week's Trading in Currencies Listless

Conducted by S. J. ZACKS.

On the whole the foreign exchange markets experienced a listless week. Spanish pesetas and Norwegian kroner were centres of speculative interest. Orientals were erratic, while United States funds continue strong. Sterling remains steady. The peg on the French franc has hushed the old vigorous movements in this currency.

London now predicts early stabilization of the French franc. It is said that the pre-stabilization period is over and, in some quarters, it is freely stated that a stabilization loan, sufficient for its purpose, is quietly being arranged in London. Whether a stabilization loan can be satisfactorily arranged without first coming to an understanding on the Berenger debt settlement is doubtful. Of course, the Bank of France has, during the past seven or eight months, accumulated substantial holdings abroad, which will eliminate the necessity of a large loan.

The French budget, which was passed last December in record time, is said to actually balance. This is the first time in nine years. The deficit figures for the last eight years are as follows:

	Francs
1918	49,858,000,000
1919	42,401,000,000
1920	25,171,000,000
1921	16,726,000,000
1922	13,715,000,000
1923	10,233,000,000
1924	3,455,000,000
1925	1,195,000,000

Profit-taking in Spanish pesetas, after they had reached the highest since last June, followed by speculative support, brought a see-saw movement. Spanish pesetas continue to attract speculative interest. The range of speculative activities is actually limited. In Scandinavians, pressure against Norwegian and Swedish has brought on reaction. One wonders what is going to happen to the vast speculative forces which have assembled and existed during the past eight or nine years. One by one, as the exchanges become stabilized and assume a pre-war form, trading in these narrows down to the close limits of the gold points. Greater scientific and technical skill will be required in trading. Purchases will, on the whole, be more legitimate and follow economic demands to the exclusion of trading by large speculative operators.

NEW YORK FUNDS

	High	Low	Last Year High	Last Year Low
Jan. 13	11-64	9-64	7-32	13-64
Jan. 14	9-64	9-64	13-64	3-16
Jan. 15	9-64	9-64	13-64	3-16
Jan. 17	5-32	5-32	7-32	13-64
Jan. 18	11-64	5-32	1-4	7-32
Jan. 19	11-64	5-32	1-4	7-32

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
Jan. 13	4.85	3.96½	4.35¼
Jan. 14	4.84 15/16	3.96¾	4.35¼
Jan. 15	4.84 15/16	3.97	4.34¾
Jan. 17	4.85	3.97¼	4.29¼
Jan. 18	4.85	3.96½	4.32¼
Jan. 19	4.85	3.96½	4.31¾

FOREIGN EXCHANGE

Par		Jan. 12	Jan. 19
19.30	Italian	4.24	4.32¾
32.45	Brazilian	11.62	11.75
23.82	German	23.79	23.77
19.30	Belgium	2.79	2.79
84.85	Japan	48.97	48.80

FLOUR MILLERS SEE BIG ADVANTAGE IN CANADA'S CZECHO-SLOVAKIAN PACT

(Continued from page 1)

emphasized by a depreciated currency.

The difference in labor cost in many lines of manufacture cannot be offset by the greater use of labor-saving machinery in Canada.

Czecho-Slovakia has been enabled to increase the value of her Canadian market. Her imports totaled merely $98,187 in 1921 but were $1,272,045 in 1926. There were some remarkable increases from 1925 to 1926. Sales of worsteds here nearly doubled. Felt sales doubled, and there were substantial increases in china tableware, glass articles, lamp chimneys, and carpets.

Will Imports Increase?

This is the question: If Czecho-Slovakia can so materially increase her sales to this country under the general tariff, what effect will there be on Canadian industry if goods are imported under the intermediate tariff? There is comfort for certain manufacturers in the fact that the rates on some goods are the same in the intermediate tariff as in the general tariff, but it is pointed out that that a reduction is granted in several of the items which, it is declared will adversely affect Canadian industry.

Worsteds, felt and window glass are the three principal items affected which are the same on the intermediate tariff as on the general tariff. Serge, the manufacture of which has virtually ceased in Canada in recent years, will come from Czecho-Slovakia at 2½ per cent. less than from countries to which the general tariff applies. There will be a 5 per cent. reduction on carpets and rugs and the same on buttons. China tableware, glassware and miscellaneous glass articles will get a reduction of 2½ per cent.

Portland Operation Does Well

Continuing its tunnel to the north of B.C. Silver Mines territory, Stewart. B.C., Sebakwe & District Mines has penetrated a 40-ft. lode, averaging $3 in gold and silver per ton. Ten feet of ore on the footwall side shows better values; this now is being developed.

Canada Cement Company Limited

Preference Shareholders

Dividend No. 68

Notice is hereby given that a dividend of 1¾% for the three months ending December 31st, 1926, being at the rate of 7% per annum on the paid-up Preference Stock of this Company has been declared, and that the same will be paid on the 16th day of February next to Preference Shareholders of record at the close of business January 31st, 1927.

H. L. DOBLÆ,
Secretary.
Montreal, January 15th, 1927.

McINTYRE PORCUPINE MINES, LIMITED

(No Personal Liability)

DIVIDEND NO. 33.

Notice is hereby given that a dividend of five per cent. (5%) on the issued Capital Stock of the company will be paid on the 1st day of March, 1927, to shareholders of record at the close of business February 1st, 1927.

By order of the Board,
BALMER NEILLY,
Treasurer.
Dated at Toronto, January 13th, 1927.

The Canadian Bank of Commerce

DIVIDEND No. 160

Notice is hereby given that a dividend of Three per cent. upon the paid-up capital stock of this Bank has been declared for the quarter ending 28th February, 1927, payable at the Bank and its Branches, on and after Tuesday, 1st March next, to shareholders of record at the close of business on the 12th day of February, 1927. The transfer books will not be closed.

By Order of the Board,
S. H. LOGAN,
General Manager.
Toronto, 14th January, 1927.

BROKERS ATTENTION

Brokers, agencies and others interested in handling an allottment of special interest in a gold mine development issue, in the Kirkland Lake Gold Area, will be forwarded advance circular upon receipt of request.

Address in first instance

W. J. POST,
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The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank, in Toronto, on Wednesday, 26th January, 1927, at twelve o'clock noon.

By Order of the Board.
C. A. BOGERT,
General Manager.
Toronto, 25th November, 1926.

THE BANK OF TORONTO

Dividend No. 182

Notice is hereby given that a Dividend of Three Per Cent. for the current quarter, being at the rate of Twelve Per Cent. per annum upon the Paid-Up Capital Stock of the Bank, has this day been declared, and that the same will be payable at the Bank and its branches on and after the FIRST day of March next to Shareholders of record at the close of business on the 15th day of February, 1927. The Transfer Books will not be closed.

By order of the Board.
JOHN R. LAMB,
General Manager.
The Bank of Toronto, Toronto,
January 12th, 1927.

THE A. W. CHASE COMPANY LIMITED

DIVIDEND NOTICE

Notice is hereby given that the regular 2 per cent. quarterly dividend on the 8 per cent. preferred stock of this Company has been declared for the quarter ending January 31st, 1927, payable February 10th, 1927, to shareholders of record January 31st, 1927.

By order of the Board,
W. J. STONE,
President.
Toronto, January 12, 1927.

City of Portage la Prairie

MUNICIPAL DEBENTURES FOR SALE

Sealed tenders will be received by the undersigned up to five (5) o'clock in the afternoon of Monday, January 31st, 1927, for One Hundred Thousand ($100,000.00) Dollars City of Portage la Prairie 5½% Water Works Debentures.

Debentures are for $1,000.00 each dated January 2nd, 1927, and payable January 2nd, 1967. Interest Coupons are attached, and are payable January 2nd, and July 2nd each year.

Both Principal and Interest are payable at the Bank of Montreal in Montreal, Toronto or Portage la Prairie.

W. R. GRIEVE,
Secretary-Treasurer.

THE Standard Bank of Canada

Quarterly Dividend Notice No. 145

A Dividend of Three Per Cent. (3) for the three months ending 31st January, 1927, being at the rate of Twelve Per Cent. (12) per annum, has been declared payable on the 1st of February, 1927, to Shareholders of record as at the 15th of January, 1927.

The Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto, on Wednesday, the 23rd of February next, at 12 o'clock noon.

By order of the Board.
N. L. McLeod,
General Manager.
Toronto, December 22nd, 1926.

BELDING - CORTICELLI LIMITED

DIVIDEND No. 7

The Directors of Belding-Corticelli Limited are making a distribution from the earnings of the half year ended November 30th, 1926, of three per cent. (3%) on the Common Stock of the Company, payable February 1st, 1927, to Shareholders of record January 15th, 1927.

By Order of the Board,
W. P. MacDOUGALL,
Secretary.

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED

(Incorporated under the Laws of Canada)

Notice is hereby given that the Board of Directors of this Company has declared a quarterly dividend of 1¼ per cent. on the issued Ordinary Capital Stock of the Company, payable on 1st March, 1927, to all shareholders of record on the registers, at the close of business on the 31st January, 1927.

Dated at Toronto, Canada, 13th January, 1927.

J. M. SMITH,
Secretary.

NOTE—The Transfer Agents of the Company are National Trust Company, Limited, Toronto and Montreal, Canada.

The London Agents of the Company are the Canadian and General Finance Company, Limited, 3 London Wall Buildings, London E.C. 2.

Trail Ore Receipts

Ore receipts at the Trail Smelter of the Consolidated Mining & Smelting Co. for the first week of January amounted to 13,675 tons.

Canadian Mining News

THE FINANCIAL POST

Vol. XXI. PUBLICATION OFFICE: TORONTO, JANUARY 21, 1927 No. 3

LAKE SHORE AND HOLLINGER STAND OUT AMONG MINES

Former Has Encountered Richest Ore Yet Close to Teck-Hughes

HOLLINGER EXPANSION

Bigger Tonnage Assured This Year and Costs Are Sure to Drop

"I have been told that you consider Lake Shore and Hollinger two of the best buys on the mining market. Are they not selling pretty high?

	Hollinger	Lk. Shore
Price	$20.50	$17.95
Yield	6.5	4.4
Market Value	$98,400,000	$36,000,000

The above are salient points in regard to these two mines. There are numerous other facts that might be cited and which have an important bearing on their future. But our understanding of the two operations is that the facts of the past are practically useless as a guide in sizing up the future, so spectacular is the outlook.

Lake Shore is looking extremely attractive. The winze which has been sunk to the west, over toward the Teck Hughes boundary, is said to have indicated richer ore than heretofore encountered in the mine. Visitors who have been at the property recently come out full of enthusiasm in regard to the new discovery. This has resulted in the recent heavy buying of the shares and put the price up to its present level.

Ore Reserves

What this new development means to the mine in ore reserves, it is impossible to calculate at the present time, but it will mean a tremendous increase and the upper levels with their $15,000,000 to $20,000,000 ore reserves will continue to take care of production for a long time yet.

There are reports about that the statement of the 1926 operations will prove quite spectacular when available.

There have been some interesting buyers of Hollinger around $20. This mine is expected to be handling 8,000 tons daily some time this year. This has been talked of for the last couple of years but now seems assured. In addition the company has a tremendous cash position and is distributing over $6,000,000 yearly in dividends. It is the belief in some quarters that there will undoubtedly be some method devised sooner or later to distribute some of this large surplus among shareholders.

Tremendous Expansion

As for the mine, Hollinger is said to have undergone a tremendous expansion and this is still going on. It is believed that at the present time the company has an asset of $4,000,000 to $5,000,000 in development work that it has pushed ahead. Official estimates of ore reserves indicate around $70,000,000. A mining man close to the company remarked that it made little odds whether the figure was $70,000,000 or $170,000,000 so long as the ore was there.

The expectation is that Hollinger millheads will ease a little when the larger tonnage comes in but with all the dead work done well ahead, it is believed that there will be a material slump in costs. It is said that Hollinger will find little difficulty in reducing its costs $1 per ton.

The two operations are standing in such a position to-day that it is impossible to size up their future with any degree of definiteness other than to say they are great.

Crown Reserve Deal Is Temporarily Halted

Crown Reserve's proposal to sell its Larder Lake claims has fallen through for the present at least. It is understood that the shareholders at the meeting and proxies presented were insufficient to allow any action being taken. There has been quite a controversy going on over the sale of these claims and it will likely be further aired now.

WRITE FOR OUR MARKET LETTER

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Mining Development Will be Outstanding Feature

"Although the mineral industry is third in importance in Canada, the greater part of our land area is now unprospected and only sufficiently explored to indicate in a general way its main geological features and prospective mineral wealth. With technical prospecting reaching farther and farther afield and utilizing scientific methods, I feel that the development of the mineral industry will be the outstanding feature of the next decade, and it pleases me to say that in the majority of cases this organized expansion of the industry is being sponsored and financed by Canadians."

The above is taken from the remarks of Sir Herbert Holt, chairman of the Royal Bank board at the recent annual meeting.

Dome's Earnings 1926, Away Off

Decline in Earnings $415,000 — Dividend Not Near Earned

Despite the fact that Dome Mines milled a materially larger tonnage in 1926 than in 1925, earnings showed a falling off of $310,248. This was due to the lower gold content of the ore sent to the mill in 1926. Costs fell off 43 cents per ton, and the average per ton of the ore treated ran $7.09. Miscellaneous earnings helped out materially, being $75,000 higher and this indicates that the loss from actual mining operations in 1926 over 1925 was around $415,000, as the tax provision was $30,000 less also. Dividend payments alone took $1,906,668.

The figures:

	1926	1925
No. of tons milled....	$ 555,700	$ 530,200
Total recovery	3,940,090	4,366,025
Oper. & gen. costs......	2,448,840	2,489,149
	$1,491,250	$1,876,876
Misc. earnings	251,510	176,132
	$1,742,760	$2,053,008

By months:—

Month	Tons	Per Ton	Recovery
January	44,404	$7.84	$348,324
February	43,700	7.54	329,689
March	46,999	7.34	344,933
April	45,000	6.93	311,511
May	46,300	7.09	328,028
June	45,200	7.47	327,644
July	47,100	6.76	320,042
August	48,100	6.74	324,328
September	46,400	6.99	324,774
October	48,282	6.72	324,629
November	46,500	7.00	321,308
December	47,600	6.68	317,609
	555,585	Av.$7.06	$3,922,814

Costs:—
Year, 1926 ....$4,243 per ton
Year 1925 .... 4,467 per ton

Millerton Starts to Pay Back Hollinger the Million it Cost

In 1916 Hollinger Consolidated was organized to acquire Hollinger. Acme, Millerton and Canadian Mines and finance holdings. Millerton shareholders got 200,000 shares of consolidated stock, value $1,000,000. but from that day until recently the claims have not produced any ore for Hollinger.

It is stated on good authority that Percy Robbins, then general manager, soon discovered that the ore seemed to run to the west in a great bulge of low grade ore close to the surface on the Millerton. This ran around $6 per ton. It is understood that Hollinger is now mining this ore very profitably by open cut method.

Kelly Will Try to Duplicate His Success in Finding Ore Body

Boischatel Mines has been admitted for trading in the unlisted section of the Standard Exchange. This company has 1,300 acres of well located holdings in the Quebec area, mostly in Boischatel Tp. Sherwin F. Kelly, who spent the latter part of last summer in Red Lake carrying out electrical prospecting for the Ontario Government is going into Boischatel Mines to make an examination of that company's holdings. Mr. Kelly has the rights for the Schlumberger system and was responsible for finding one important ore body on the Horne, and will now try and repeat on Boischatel.

Because of the close proximity of holdings to Towagamac and the interesting Montbray groups, the holdings of the company are well regarded.

HANDLING DON ROUYN

W. J. Hamilton, mining engineer, who was for many years in charge of the Guggenheim operations and is now connected with the Cerro de Pasco Copper Co., is directing work on the Don Rouyn area of Quebec.

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Sullivan Can Retain Present Base Metal Production 50 Years

Consolidated Smelters' Big Producer in B.C. Has Ore Reserves of Commercial Size — Good Progress Made in Coast Provinces Mining

The province of British Columbia was the centre of a great deal of mining development during 1926, and, according to Dr. V. Dolmage of the Geological Survey of Canada, some notable results were obtained.

In the Stewart district the B. C. Silver Mines, Limited, continue to add to their already valuable ore reserves and some of the ore extracted during development work has been shipped. Further development at the Sullivan Mine indicates reserves of immense size, and it is unofficially reported that the present rate of production can be maintained for fifty years. Electrical prospecting and ordinary development have made substantial increases to the large ore reserves of the Britannia Mining and Smelting Company, and the valuable reserves of the Old Sport copper mine on Quatsino Sound, Vancouver Island, under development by the Consolidated Mining and Smelting Company, have also been increased. A comparatively new mineralized area has come into prominence following development by the Federal Mining and Smelting Company on the Li-Li-Kell claims, located on the divide between the Lillooet and Birkenhead rivers, some twenty miles north of Pemberton. A very high grade silver ore is found on this property.

Engineer Important

Two important gold producers have become prominent. The Engineer mine, in the Atlin district, acquired great notoriety a few years ago out of the litigation in which it became involved as a result of its former owner's sudden death. When ownership was finally established and the stock put on the New York market it soared to fabulous prices. Present operations do not at all warrant those prices, but they are fairly successful and the mine has become an important producer of gold. The Pioneer mine, located on Cadwallader creek in the Lillooet district, was worked in a small way for some years prior to 1914, but owing to lack of capital operations were not profitable and gradually ceased. In 1924 D. Sloan took charge and soon put the mine on a paying basis. It is now one of the most important and profitable of the smaller gold producers of the province, and promises a still brighter future. The adjoining property, the Coronation, has come under the same management, and seems likely to become equally profitable. Still another neighboring mine, the Lorne, has benefited by the success of these operations and is being revived along similar lines.

Ruth-Hope Operation

In the Slocan district the Victoria Syndicate has added materially to the ore reserves of the Ruth-Hope mine, Production from this district has also been increased by the development of the McAllister, Lucky Jim and Whitewater mines. The Monarch mine, near Field, may become a large producer of low-grade lead-zinc ore.

The following are the most noteworthy discoveries made during the season: On Marmot river, which enters the eastern side of Portland Canal near its head, a three-foot vein of pure galena carrying 500 ounces of silver to the ton was discovered on the Porter-Idaho property, and on the adjoining claims owned by Jancowski, Davis and Watland. At Topley, on the Edmonton-Prince Rupert section of the Canadian National Railways, 90 miles east of Hazelton, a large surface showing carrying good values in gold was discovered early in the summer. This has attracted much attention, and is at present bonded at a high figure. A large deposit of galena was discovered by J. Ferguson on the Ingonika River, 45 miles from Fort Graham, 200 miles north of the town of Prince George, the nearest railway station. Although this is far from present transportation facilities it is nevertheless attracting much attention because of its great size and promise, and the strong indications of other large deposits of lead and copper found in the district, and because of the probability that a railway may be extended to the Peace River country. Prospecting has become much more active in this region, and would expand should plans be made to carry out the construction of the railway.

The operating companies, many individuals and several strongly financed British companies are keeping up a lively search for new deposits wtih a fair amount of success. Plentiful capital and keen competition are greatly stimulating prospecting activities.

Playing Safe on Big Profits in Mine Share Gamble

Many who took the gamble in Area have learned a lesson.

Holders who purchased blocks of the stock at a reasonably low price and held on all the way up and then all the way down, are to-day kicking themselves because they did not take their profits.

The Financial Post had many inquiries on the mine shares while the market was at its height. It was impossible to give any advice. They were gambling pure and simple.

In most cases one point was made, that might be passed along. Individuals holding fair blocks that showed them substantial profits and who still wanted to ride along on the gamble in the hopes of making a real killing if commercial ore was encountered on the property, were advised to sell a part of their holdings, get their money out and perhaps 10 per cent. on their plunge and still have a fair block left to play with that stood them nothing. In a number of these cases this advice was taken.

Spectacular Gold Ore From Cadillac

Thompson Operation Reveals High-grade in Shaft Sinking

An important strike of high grade ore has been made in the shaft of Thompson-Cadillac mines property, Cadillac Tp., Que. The shaft had previously been sunk to a depth of 30 ft. and sinking was resumed last week, and the first round revealed spectacular showings of coarse leaf gold. After the round was cleared free gold continued in the face and the vein has all the appearance of continuing in rich ore.

It is the intention of the management to continue sinking by hand to 50 ft. and drift west on the vein. Trenching is also under way north from No. 1 diamond drill hole which gives a value of $8.00 over a width of 5 ft. A shear porphyry zone has been exposed for a distance of over 1,500 ft. and free gold has been found in places almost the entire length of these workings.

Samples of the ore received in Toronto by E. R. Gordon, secretary of the company show wonderfully spectacular specimens shot through with leaf gold. It is perhaps the most spectacular gold discovery in some considerable time.

8,206 tons of ore were milled and bullion to the value of $56,300 was shipped during December at Vipond.

GAMBLE IN AREA NEARLY AS GOOD AS IT EVER WAS

Small Amount of Stock Out Made Wild Market Possible

NOTHING DEFINITE YET

Diamond Drill Trying to Find Bodies Delimited by Electrical Survey

"Whatever goes up must come down."

This old saying is an axiom when applied to mining issues that suffer an orgy of speculation and are carried away out of line by a gambling demand. Not having merit to justify such a position, the collapse comes, either when the public ardor cools or the bubble is pricked.

Thus can be pictured the Area and to some degree the Amulet recent share market. The electrical survey indicated large bodies of sulphides on these properties in Rouyn. If the bodies are proven commercial they would undoubtedly result in large mines. There is only one way to find out if the delimited bodies are commercial or not and that is by going down and seeing. This can be done either by sinking operations or diamond drill. Area elected to try the drill. Progress has been slow and difficulties have been met with. Success to date has been negligible.

Public Overdid It

Immediately word got around regarding the electrical survey results, the public rushed in. It was a wonderful market for the brokers and also for those with sense enough to take a substantial profit and get out. But the gamblers who held on are to-day weeping.

The gamble was in a measure attractive. Area has but a small amount of stock out and if large commercial ore bodies were cut by the diamond drills, undoubtedly the shares would sell much higher. The fly in the ointment has been the delay in finding out whether or not the delimited bodies of sulphides are of any value or not.

It makes one rather curious to know where all the Area stock that was traded in came from. The total stock said to be in the hands of the public was only equal to about half the shares traded in on some days. It may have been that there was considerable short selling but this must have been mainly by brokers and if such was the case they have reaped a bountiful reward and the gamblers have paid.

Amulet Situation

With Amulet the situation is much different, though it is to be doubted if the bulk of the traders in the stock realized this. Amulet has definite and proven ore bodies and could be rapidly brought to production. However, the Electrical Survey results overshadowed this during the recent market. Amulet is waiting for Area diamond drilling before making any attempt to drill the bodies indicated on the south part of its property at the Area boundary. Amulet has been doing some work in this section.

Both companies are closely associated. They have worked together in producing a joint geological map and went in together to have the Electrical Survey made.

As matters stand to-day the gamble in Area has been only slightly increased. There is a chance that commercial bodies will be found. Engineers and geologists in Rouyn are sold on the Electrical Survey and this is a factor to be considered. Whatever Area does, Amulet will do to a lesser degree.

WILL VISIT CANADA

C. S. McLean, general manager of the West Rand Consolidated G. M. for the last three and a half years, is leaving the Rand, with Mrs. McLean, on a six months' holiday trip to England and Canada.

Survey of Mines Best Record of Canadian Mines Obtainable

Leading U.S. Mining Publication Reviews Book — Total Press Run of 8,000 Copies Has Now Been Distributed — Less Than Four Months After Date of Issue

In less than four months from the date of publication, The Financial Post has completed the distribution of the 8,000 copies of the first annual edition of the Survey of Mines. A small number were given to contributors and editors, besides those going to advertisers, and the balance sold, the great bulk being distributed in individual numbers.

To-day there remains on hand but sufficient copies to take care of staff needs in the production of the second issue, and from the orders still coming in, it looks as if there will be many desiring a copy, disappointed. A careful check of those who secured bulk lots was undertaken to see that distribution had been made and in one or two cases, where available, a few surplus copies were purchased back by The Post and these went to individuals seeking them.

The Survey of Mines has met with a splendid reception. A very bulky file of testimonials indicates this, as well as the keen demand that has cleaned out the total run. Work has already started in compiling the 1927 edition and it is proposed to make it much more complete and also a more ready reference. Numerous valuable suggestions for the second issue have been received from mining authorities and investors all over the country and these are being carefully studied with a view to embodying those that are feasible and of value.

Engineering and Mining Journal, New York, the leading mining publication in the United States, just published a short review of the Survey of Mines. It is the independent view of an expert and therefore considered of value.

"Excellent Job Has Been Done"

Opinion of Engineering and Mining Journal, of New York, on The Financial Post Survey of Mines.

"The Financial Post Survey of Mines, 1926," is perhaps the best guide and directory of Canadian mining and mining companies that is obtainable. Brief histories and future possibilities of the various mining districts of the Dominion are given, and each individual property is given space in the manner made familiar in Weed's "Handbook." Numerous charts, tables, photographs—and advertisements—are incorporated in the 300-odd pages that make up the book. An excellent job has been done. To those who might think at first glance that the book has no index, it may be said that an excellent one begins on page 7 in the front of the book, instead of in the usual position at the end. The book is published by the MacLean Publishing Co., Ltd., Toronto.

CENTRAL MANITOBA ADDS TO RESERVES

Drift West on 125-ft. Level Has Opened up Commercial Ore

WINNIPEG.—Central Manitoba Mines has opened up its ore body on the 125 foot level for a length of 1,250 feet. This length compares favorably with the longest ore bodies developed in Canadian mines to date. The drift, which has been carried east and west from the shaft had been opened up for 906 feet at the time the public offering of shares was made, but since that time workings have been extended to 344 feet, making a total of 1,250 feet. Of this 110 feet was done last week. The width of the vein ranges from 5 to 5.4 feet, and while the average values over the whole length are $12 per ton. large sections run $15.80. Pilot drills ahead of the workings for over 100 feet indicate values of $38.00.

The recent work has added materially to ore reserves and it is estimated that approximately $3,000,000 has been put in sight, based on an average of $12 per ton.

H. A. Wentworth, president, in discussing recent progress at the mine, said:

"The 125 level west, all in new ground, and in ground which we did not consider from surface indications to be ore bearing, was advanced 126.9 feet during December along the vein, with an average grade of $16.53.

"Another drift into this new ground on the 250 foot level gave an average of $14.95 for the 54.5 feet driven. The work of preparing for stoping in the heretofore proven ore, on which we are principally engaged at the moment, has materially raised the average grade of the entire block of Kitchener ore reserves.

"At the east end working, a crosscut on the bottom level has entered the ore, and the 14 feet of drifting done shows an average of $16.57.

"Practically all the equipment for the mill and supplies for the coming year have been ordered, and no delay in their delivery is expected. Teaming of equipment material and supplies is moving along smoothly and expeditiously, 4 tons loads being hauled by the use of four horses."

Andean Copper Has Large Groups in Quebec

Another new Quebec company with important groups in Boischatel and Montbray, close to the big operators, has made its appearance. Andean Copper Corp. capital $4,000,000. The officers are unknown as yet.

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HARVIE OPERATING TWO SPECTACULAR COPPER SHOWINGS

Two Years' Intensive Exploration Now to be Tested Under Ground

What has come to be regarded as one of the outstanding mining operations in Northwestern Quebec is the Harvie Smith enterprise in Clericy Tp. There are two companies, Archean Exploration and Harvie Mining, being carried on as practically the one operation with a great measure of success.

The conservative policy of the company to date has been to prove something before making any public statements in regard the enterprise. Dr. Robert Harvie, late of the Dominion Geological survey and one of the first geologists to study the Quebec field, has been in charge of the Clericy operations and without any blare of trumpets has carried out the most intensified program of surface exploration that has featured any operation in the whole of the north.

Two years' study of the company's large holdings has resulted in five mining locations, considerably removed from each other, being decided upon and the company has now launched an aggressive underground exploration of two of these. Surface showings in these two instances are spectacular, one in particular bordering on the sensational. This latter is on the Archean holdings and on surface it was literally torn to pieces by a series of cross trenches. A shaft has been sunk and a prospecting level is now being run out at a depth of 45 ft. This should cut the ore shortly and in the meantime, though not supposed to be in ore, massive chalcopyrite and rhyolite are shot throughout the working as so far driven. The trenches show excellent widths of massive chalcopyrite, and channel assays give good commercial values.

The second operation is an adit being driven into a large hill to tap two large surface showings of chalcopyrite. While the tunnel was located solely from the standpoint of economical mining, yet the face is shot with seams of chalcopyrite. The indications are much the same as those encountered in the more developed properties in Rouyn section and seem to presage interesting possibilities for the future when the tunnel gets in the vicinity of the indicated ore.

There are other important showings on the property that give rather spectacular indications, but sufficient work has not as yet been done to discuss them.

NEW COBALT FINDS BY MINING CORP.

Old Properties Supply Mill and Lorrain Reserves Are Being Conserved

The continued finding of new silver ore, both milling and high grade, in the Cobalt mines of the Mining Corporation of Canada, Ltd., is very gratifying, says J. P. Watson, president. This has enabled the company to conserve its ore reserves in South Lorrain. The mill of the Cobalt Reduction Company has been operated principally on ore from the Cobalt properties. The usual tonnage of mill-grade ore was treated in Cobalt. The average grade of mill-ore for the period was 22.5 ounces in silver. The total silver production for the period was 537,923 ounces.

In the South Lorrain properties no important developments are to be recorded. Shaft sinking has been in progress on a group of claims owned about 2½ miles east of the frontier. An excessive flow of water has delayed operations, but this difficulty has now been overcome, and sinking should be completed in January. At a depth of 325 feet, exploration will be carried out in cobalt series sediments, near the Keewatin district

In the Cobalt district a group of claims has been optioned on the east side of Cross Lake, and diamond drilling for geological information is at present in progress.

A new purchase of a 75 per cent. interest in 35 claims in Montbray, in the Rouyn district in Quebec Province, has been made at a very small cash outlay, with no future purchase payments to be made. In addition, the corporation have acquired an option on the outstanding 25 per cent. at a very reasonable price.

The new test plant on the Flin Flon has been built, the machinery is being installed and it is expected operations will begin in March.

At the Cryderman gold property in Manitoba no mining operations were carried on, but diamond drilling is now in progress to test vein values at a horizon of 500 to 1,250 feet. No results of this work are yet available.

Victoria Syndicate Leaders to Separate

It is reported in the north that Mond Nickel interests and General Mining and Finance of London, a South African operation, who have been jointly operating Victoria Syndicate, a Canadian Exploration effort, have definitely split. It is expected that each will have its own operation from now on.

The syndicate examined a large number of properties in the east and British Columbia but have so far only met with success in British Columbia. It is understood that the Mond people are much taken with the base metal possibilities of the U.S. while the African people, essentially interested in gold, believe that Ontario, Quebec and Manitoba offer the best chances.

Furness Mines Will Sink Shaft 500 Feet

J. C. Houston, Haileybury, consulting engineer of Furness Gold Mines, told the directors at the recent meeting that their property in Porcupine, the Whalen-James, has all the geological features necessary—Keewatin Schist formation intruded by Quartz-Diabase and Olivine Diabase dykes. A large number of quartz veins have been exposed on the surface, on which several test pits have been sunk and trenches have been dug. Three prospecting shafts have been sunk to a depth of approximately 50 ft. Gold values are found in all these outcrops and exceptionally high grade ore on veins Nos. 7 and 8, to the east of the Quartz-Diabase dyke. This ore zone is 1,600 feet in length and shows wonderful enrichments of tellurides. Sylvanite, Calaverite, Petzite and Hessite have been definitely established which are the cause of the exceptionally high assays on this property.

The company states that ample funds are now on hand to proceed with an intensive development plan. The necessary buildings, with accommodation for 25 men, have been erected. Hydro-electric power is being installed upon the property at once. Mining machinery is being purchased and work will start on the sinking of the main shaft to 500 feet.

Duprat Shareholders Approve of New Claims

Duprat shareholders have ratified the proposal to purchase 600 acres in Montbray Tp., Quebec. No definite word as to the results of the Electrical Survey on the Duprat Tp. groups was available. Jas. Houston, M.E., informed shareholders, but it should soon be ready. The directors, however, have decided to immediately diamond drill the north group which is adjacent to the Waite Montgomery. The same diabese dyke along which the Waite encountered its ore ran through the Duprat claims, Mr. Houston stated, and surface conditions were most favorable. Referring to the ground just acquired in Montbray, Mr. Houston said he regarded it as extremely good. It was in the vicinity of the Nipissing holdings.

LORRAIN TROUT LAKE GETS BETTER RESULTS

Operations Still Well Above Contact Which Has Possibilities

While no ore of commercial grade has so far been exposed, encouraging silver values have been shown in the vein, says Pres. J. Watson of Lorrain Trout Lake's recent operations. This work, which is at a level approximately 305 feet below the 475 foot level of No. 1 shaft, will be continued. During the month of October, before operations ceased at No. 1 shaft, production of silver was 11,324 ounces with mill heads of 18.15 ounces per ton.

In No. 2 shaft a strong calcite and cobalt vein has been exposed in drifting and widths as great as 15 inches of solid cobalt ore have been shown. One shoot of commercial ore, thirty-one feet in length was developed. The vein in this shoot averaged seven inches in width and gave average silver values of 800 ounces per ton. As the present 625 foot level is still some two hundred feet above the diabase contact, there is great promise for development at a lower horizon. In the meantime, drifting north and south will be continued on No. 2 vein as well as on a west branch vein carrying cobalt and low silver values.

West African Concern Enters Kirkland Lake

The Pavu Concessions, Ltd., an English company which operates on the Gold Coast, West Africa, has entered the Kirkland Lake district of northern Ontario. It has secured a group of twelve claims in Bernhardt Township north of Tect Township, owned by P. J. Ashby and associates. The property is said to border an outcrop of granite, and showings already uncovered give assays of gold, silver, copper, and zinc. Camp buildings are now being erected and the company is preparing for an active campaign of exploration work next spring.

KEELEY

During December Keeley produced 125,144 ounces of silver and 11,085 pounds of cobalt.

Up-to-the Minute News On Quebec Mining Stocks

will be found in the special Quebec issue of Gibson's Fortnightly Mining Review, which will be off the press tomorrow.

In this issue reliable details concerning a number of Quebec issues which have figured prominently in recent trading are given in addition to valuable information on the field in general.

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Common Shares without nominal or par value	1,500,000 Shares	1,100,000 Shares

Of these shares 1,000,000 shares have been fully paid up and assigned in trust to be sold from time to time to provide funds for the Company for Working Capital and otherwise.

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McINTYRE EARNS DOUBLE DIVIDEND AT PRESENT RATE

Before Depreciation Provision, Recent Quarter Showed $2 Per Share

McIntyre production for the second quarter of the fiscal year ending Dec. 31, shows a falling off when compared with the first quarter, gross recovery being $27,000 less. Costs were also higher so that operating earnings declined $46,000. Other revenue was slightly less, the net being $44,000 below the Sept. quarter. Taking the two quarters and comparing them with the same period for 1925 an increase for 1926 is shown of $61,000. Production was materially higher with costs practically the same and other revenue up $2,000.

Net for the last quarter figures out at about $1,600,000 for a year, or $2 a share. This is double the present $1 dividend, but of course does not allow for depreciation.

The company is carrying on an aggressive exploration. The new shaft is rapidly reaching the 4,000-ft. level and when this is done the company will likely launch lateral work on various levels. McIntyre of late has been the subject of all kinds of rumors, mostly bearish, but the stock continues strong around $26. There has been a lot of talk lately of a change in the capital structure of McIntyre, but if anything like this was contemplated, it seems reasonable to expect that the company would wait until it can size up better just how big an operation the mine is going to develop into.

McIntyre, despite reports, continues to look better all the time. The only fly in the ointment is its Blue Diamond coal operation. Figures follow:

	1st Quarter Sept. 30th, 1926	2nd Quarter Dec. 31st, 1926	Totals Yr. to date	Same Period Last Year	Increase or Decrease
Gross Recovery	$963,799.99	$936,755.51	$1,900,555.50	$1,832,806.61	$ 67,748.89
Costs including Development ..	519,979.35	539,347.07	1,059,326.42	1,057,971.98	1,354.44
Operating Earnings	443,820.64	397,408.44	841,229.08	774,834.63	66,394.45
Non-operating Revenue	25,990.04	25,248.81	51,238.85	49,013.04	2,225.81
	469,810.68	422,657.25	892,467.93	823,847.67	68,620.26
Less: Provision for taxes for period	20,256.70	20,739.07	40,995.77	33,641.70	7,354.07
NET EARNINGS BEFORE PLANT DEPRECIATION	449,533.98	401,91818	851,472.16	790,205.97	61,266.19

Lebel Lode to Sink Shaft to 800-ft.

Lebel Lode, operating in Lebel Tp., Kirkland Lake, intends to secure electric power in the spring, and put in a plant to sink a shaft 800-ft. It is the intention to develop veins indicated by recent diamond drilling carried out under the direction of J. W. Morrison, M.E. Four holes were put down from 597 to 1135-ft., and they indicated an extensive fracture zone, equal, if not exceding in disturbance the great zone of the producing area. According to W. J. Post, president, the intersections encountered gold in the fractures. It is expected that the plant and equipment and work proposed will cost $120,000 and the company will soon offer 300,000 shares to pay for it. The company has 1,100,000 shares of its 2,000,000 shares in the treasury. Its property consists of 173 acres.

CANADIAN LORRAIN

The new mill at Canadian Lorrain has been in continuous operation during the latter half of December, and a carload of concentrates is to be shipped this month.

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NEW ISSUE

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Head Office: Toronto Mines: Red Lake, Ont.

CAPITALIZATION

Authorized Capital	5,000,000 Shares
Issued for property and work to date	2,500,000 Shares
This issue: for development funds ..	1,000,000 Shares
Remaining in Treasury for mill, etc.	1,500,000 Shares

Par Value Shares $1.00. No Funded Debt. All Common Shares.

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PROPERTY

Howey Gold Mines consist of 23 mining claims located at Red Lake in the Red Lake Mining Division. The Company holds title to the properties.

GEOLOGY

The following are extracts contained in a complete report by Douglas G. H. Wright, summarizing the results of 19 Diamond Drill Holes:
"The Howey property possesses 1¼ miles along the main strike, all of which is amply protected with regard to dip."
"Free gold occurs as minute specks in the quartz and sulphides. It is most commonly associated with tellurides, galena and sphalerite. Coarse gold is rarely seen. Free gold was seen in practically every trench opened up."
"There is absolutely no danger of being cut off by the granite at depth."
"Metallurgically the ore will be simple to treat"
"In all eighteen diamond drill holes were drilled upon the property. All but one were drilled under that portion of the vein which was surface trenched and sampled. All of these holes gave satisfactory geological evidence of the vein system. They indicate the extension of the deposit to a vertical depth of 520 feet. A surprisingly large percentage of the holes gave remarkable values, but the number of holes is so small that the law of average does not apply with certainty."
"The ore body is 1,000 feet long plus. The eastern limit has not been indicated. The widths vary from 9 to 50 feet."
"The grade of ore will depend on the widths mined. A 9 to 15 feet width of fairly high-grade ore is indicated in two important ore shoots averaging $10.50 and $10.25 per ton, respectively."
"Finally, yours is a property of outstanding merit, and it has been more than a decade since a gold property of similar merit has been found."

DEVELOPMENT

The main vein system has been cross trenched every 100 feet for a total length of 1,000 feet. Eighteen Diamond Drills have crosscut the vein at various depths to 520 feet, as referred to in the report of Douglas G. H. Wright, Geologist.
It is the Company's intention to immediately install a complete mining plant capable of sinking to over 1,000 feet, and proceed as rapidly as possible to open up the ore bodies laterally on various levels to 500 feet.

TRANSPORTATION AND POWER

The Company has reasonable assurance of Railroad Transportation and ample Electrical Power when necessary.

PRICE: 50 Cents Per Share
It is intended that these shares shall be listed on the Standard Stock Exchange

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PIONEER OPERATION ARE PROCEEDING IN MANY NEW AREAS

Plans for Mill for Michipocoten Are Now Being Considered

Pioneer Mining Co. is making excellent progress with its various ventures, according to Dr. J. Mackintosh Bell, managing director.

The new shaft in the Cooper Gold Mines is now down 275 feet, with stations already cut at different levels. Cross-cutting is expected to start early in February, and the ore on the different levels (120 ft., 220 ft., and 320 ft.), reached at intervals of from one month to two months. Mr. Dorfman, consulting metallurgist of the company is now engaged figuring out the type of milling plant required and as to when building will commence. It is desired to have this part of the plant in readiness by the time development at the two lower levels has reached the stage now attained at the 120 ft. level where 550 feet of ore of $10.00 to $12.00 grade has been proven over a stoping width.

No further work has been done on the Wawa claims of the company, immediately south of the Minto Block of the Cooper, on which very promising occurrences were found late last Autumn. It has been considered advisable to delay further work until a systematic geological survey can be made in the spring. Drilling is now proceeding below the Jubilee Vein on the Michael claims, with varying results, some very promising, others not so much so. Further drilling will be done where the good results have been obtained and also in depth.

The lead-zinc occurrences on the Gaspe claims are being developed with satisfactory results. To expedite the work and develop the numerous veins on this property, a complete steam plant was rushed to the property in December and is now in process of erection. This plant will be capable of operating four drills at once, and, considering that the vein will be reached through tunnels, considerably below the surface outcrops, ore should be put in sight at a very rapid rate. Two tunnels are already in progress. To emphasize the importance of the Gaspe's holding it is sufficient to say that the total holdings of the company amount to fifty claims containing 2,000 acres, all bearing excellent possibilities as shown by results of surface prospecting during the past summer. Substantial camps have been erected and a road six miles long has been built to connect with the main road from Cascapedia to the Federal Mine.

On the Gilgreer Mines, Ltd., a drift extending along No. 5 vein of the Canadian Lorrain, a pronounced break believed to be the break below Maiden's Creek was cut. Very little exploration has as yet been done but some silver has already been encountered. It is naturally too early to judge of the importance of this find. Pioneer owns a substantial interest in this property.

Vipond's Good Results

Pioneer secured an interest in the Vipond Consolidated Mines, Ltd., through its holding in the British Porcupine Company, whose claims have now been consolidated with Vipond claims. New developments at horizons from 200 ft. to 733 ft. in the southern part of the ⅝ system are giving very good results.

In conjunction with The Huronian Belt Company, the Pioneer Company has optioned 10 claims in Montbray Township in the Province of Quebec, adjoining the Consolidated Smelters' block and almost adjoining the Nipissing block from which new finds have recently been reputed. The ground is considered promising geologically and some showings of chalcopyrite have already been found. A dip needle survey will be started at once, and huts erected preparatory to intense prospecting.

The Pioneer and the Huronian Belt have jointly optioned 11 claims in Warden Township immediately adjoining the recent copper find in Munro Township recently acquired by interests associated with the McIntyre. Prospecting of this group will commence at an early date.

BENNETT CO. WILL DELAY MEETING

In Three Months May be Ready to Discuss Mill With Shareholders

Bennett Mining Co., operating Smith-Labine property at Sesekinika, has notified shareholders that the annual meeting has been laid over three months. By that time the company hopes to be in a position to discuss the question of a mill. The report says:

"We expect by that time to have cross-cut a large number of veins and be able to give to you the result of our assays and ore values, and also to discuss with you the question of a mill. We feel that very important matters of this kind should be placed before the shareholders.

"Cross-cutting at 500 foot level has reached a distance of over 400 feet, and we are running the cross-cut to the south of our shaft to cut through seven veins exposed on surface, which dip toward the shaft at an angle which will bring them about 600 feet from the shaft at the point of cross-cut. Assays taken from the surface show very high values on these veins. When we have completed cross-cutting we will begin to drift, and as this drifting proceeds channel assays will be taken at intervals to check up tonnages and values. The other cross-cut running slightly north of west from the shaft at the 500 foot level is being run with the object of cutting a series of veins which show on the surface, ranging from two to twenty feet in width, and dipping toward the shaft at an angle which will bring them within about 400 feet at the 500 foot level. We have not reached the vein matter on this cross-cut, but expect to be into it in a very short time.

"Bennett Co. has spent $170,000 to date on camps, equipment and exploration and paid $15,000 on property account for Labine holding and $19,000 on others."

New Interests Taking Hand in Queen Lebel

Interests closely associated with McIntyre-Porcupine Mines are said to be taking a hand in financing development of the Queen-Lebel Mines, Kirkland Lake. A meeting of the Queen-Lebel in Kitchener approved of a proposal for the purchase of the Braniff and other claims to the west, along with an arrangement for financing of development of the Queen-Lebel to a depth of 1,000 feet. Considerable encouragement was met with in the work done by the company at the 300 foot level. It is understood that Queen-Lebel's capital will be raised $1,000,000 to $3,000,000.

Teck-Hughes' New Shaft Has Cut New Ore Body

The heavy buying of Teck-Hughes shares is said to be due to the approaching increase in production and the discovery of new ore. In sinking the new shaft at a depth of 1,750 feet, ore was encountered which showed a width of 7½ ft., averaging $140 to the ton. It is expected that the new mill will be in operation in February, and though no estimate has been published it is believed that mill heads will run approximately $20.

NIPISSING VALUES HIGH

It is understood that some of the Nipissing drill cores results from Montbray, Que, gave upwards of $100 per ton.

British Columbia Now Leads in Silver Output

From Our Own Correspondent.

VANCOUVER.—British Columbia's rise as a mineral producer is shown by the fact that for the first time in twenty years it has outdistanced Ontario in the production of silver.

British Columbia's pre-eminence in the production of copper, lead and zinc is better known. Ninety-three per cent. of the lead and zinc of Canada was produced in British Columbia during the year just passed, and the province's percentage of the national copper output was about 60 per cent. Consolidated Mining & Smelting Co. has led all Canadian concerns in silver output for two years.

British Columbia is now the only province making a commercial thing out of tin and incidentally the first. In the form of cassiterite the Consolidated is getting considerable quantities of tin at the Sullivan mine in the East Kootenay. The Consolidated, by the way, now ranks as the second largest producer of lead in the world, the only company ahead of it being the St. Joseph Lead Co., Missouri.

Kirkland Gold Looks Better on 2350 Level

Kirkland Lake Gold mine has opened up an entirely new oreshoot west of the shaft on the 2,350-ft. level. The first 60 ft. of ore averaged $7 to $8 a ton, and since then an additional 50 ft. has been proven, with an average grade of $25 a ton over widths of 5 to 6 ft. Production during December amounted to a total of $52,000, which constitutes a record for the property. The mill averaged 150 tons a day and the grade was about $12 a ton.

MINING STOCK QUOTATIONS

Week Ending January 18

	Par Val., $	Div. Rate	Yield	High for wk.	Low for wk.	Jan 18 Close	Sales for wk.	Range, 1925 High	Range, 1925 Low	Range, 1926-7 High	Range, 1926-7 Low
Aconda	.	...	...	38	34	34	95650	..	..	45	34
Amulet	1	...	...	2.56	1.50	1.70	467035	1.50	.85	2.98	.90
Algonquin	1	...	...	3	2½	3	14600	3	1	6¼	1¼
Apex	1	...	...	3½	2½	3	11500	3¾	2	6	2½
Area	1	...	...	1.61	.50	.50½	1462700	..	..	1.95	.21
Argo. Con.	1	...	...	54½	49¾	50	281425	48	11	67	18½
Atlas	1	...	...	3	3	3	11500	5¼	¼	5	1⅝
Abana	.	...	...	...	..	..	...	..	..	24	20
Amos	.	...	...	54	49	49¾	74700	..	..	54	40
Baldwin	1	...	...	3½	3	3¼	85300	7	1⅞	6⅞	1
Barry Holl.	1	...	...	1.00	.85	.93	272350	.50	.18	1.00	.22
Beaver	1	...	...	74	72	73½	6800	57	25	99	51
Bellellen L.	1	...	...	20½	18	19	14500	..	..	23½	18
Bidgood	1	...	...	8	7½	8	3000	16¼	4¼	9⅝	4½
Boston Creek	1	...	...	...	..	..	...	..	..	..	..
Bourlamaque	.	...	...	1.50	1.47	1.49	37725	..	..	1.50	1.02
Buckingham	1	...	...	9¼	7½	8¾	97500	5¾	2¼	9½	2
Capital R.	.	...	...	54½	41	41	17400	..	..	54½	31
Can. Lorrain	1	...	...	59	55	58	24050	80	22	93	51
Capitol	1	...	...	27	25	27	28040	38	24	48½	24
Castle Tre.	1	...	...	1.08	1.02	1.05	80350	1.60	.71	1.85	.91
Chaput H.	1	...	...	6½	5	5	24900	10	4	22	3⅛
Clifton	1	...	...	2	1¾	2	78500	26	2	6½	1
Coniagas	5	...	...	4.40	4.05	4.05	1189	5.00	1.25	4.80	3.00
Coniaurum	5	...	...	3.35	3.10	3.15	1380	4.00	1.00	4.45	3.00
Col. Kirk.	1	...	...	2¼	2	2	28000	10½	2	25	2
Cons. Smelter	25	10	4.05	251	246	246½	4014	183½	48½	265	177½
C. W. Dome	1	...	...	17	12½	16	402757	25	10½	29½	14
Crown Res.	1	...	...	10½	9	9½	18500	55	15	25¼	8
Corona	1	...	...	32	24	25	149650	..	..	37½	20
Destor	.	...	...	41½	40	41	9400	..	..	41½	40
Davidson	1	...	...	...	..	..	...	5	1¼	3	1½
Dome Mines	None	2.00	20.00	10.85	9.56	10.00	6620	18.00	12.90	20.00	8.00
Don Rouyn	1	...	...	56	53	53	137650	..	..	61	25
Duprat	1	...	...	34	25	25	654000	..	..	35½	10
Fiske	.	...	...	26	20½	20½	1100	..	..	30½	12
Everett	1	...	...	5	4	4¾	16750	10	4	12¼	3¾
Goldale	1	...	...	28	25	26	30600	37	14¾	43	24
Gold Hill	1	...	...	49	47	47½	37800	..	..	73½	25
Gold Reef.	1	...	...	2½	1½	1½	10000	2½	1	5	1
Grover Daly	.	...	...	33	23½	25	750275	..	..	37	22
Hill Top	1	...	...	22	21	21	4700	..	..	31¾	20
Hollinger	5	26	6.37	20.85	20.30	20.40	4480	17.50	13.30	21.00	16.65
Indian	1	...	...	...	..	..	...	17¾	3½	14½	3¾
Int. Nickel, c.	None	2.00	4.87	43	40¼	40⅞	12733	48⅝	24¼	46	33
Jay Copper	.	...	...	1.15	1.05	1.05	27150	..	..	1.15	.73
Keeley	1	24	16.00	1.53	1.49	1.50	28965	2.32	1.40	1.91	1.39
Keora Mines	1	...	...	10¾	9	9	14450	15⅞	8½	22	9
Kirk. Hunt.	1	...	...	35	30½	32	213600	..	..	35	8½
Kirk. Lake	1	...	...	.98	.90	.91½	156710	.92½	.33	1.44	.69
Lake Shore	1	40	2.28	18.00	16.10	17.89	36505	10.00	4.51	18.00	9.60
Lakeside	1	...	...	4¼	3⅜	4	79000	15¾	2½	10	1⅛
Laval	1	...	...	55	36	38	1545175	..	..	55	21
La Rose	1	...	...	12	10	10	5000	53	7½	39	4
Lorrain	1	...	...	2¼	2	2	3000	24	7	15	2
Lorrain T. L.	1	...	...	...	..	..	...	1.34	.85	1.10	.30
Marclay	1	...	...	37¼	36	36¾	16700	..	..	37¼	30
Macassa	1	...	...	37	33¾	35	37950	..	..	43	25
McKinley	1	...	...	14½	11	14½	45500	42½	14½	26	8½
McIntyre	5	20	3.84	26.40	25.70	26.00	8180	22.70	16.00	29.75	22.70
Millcrest	1	...	...	5½	5½	5½	1000	..	..	21	3½
Mining Corp.	5	12½c.	7.81	3.25	3.10	3.20	15239	3.40	2.35	4.45	2.60
Moneta.	1	...	...	12	12	12	1000	18¼	12½	18	11
Montreal Rouyn	1	...	...	32	29	30	4450	..	..	60	13
Noranda	None	...	...	22.70	21.65	21.95	34303	15.50	9.10	24.25	12.00
Newray	1	...	...	31	30	30	5200	44	17	45	30
Night Hawk	1	...	...	5½	4¾	5	54000	49½	6	17	3¾
Nipissing	5	12	6.85	9.35	8.75	8.75	31565	6.80	4.60	9.41	5.00
Ophir	1	...	...	2	2	2	7000	7⅞	3	4¼	1
N. Amer. Lead	.	...	...	1.81	1.71	1.80	27100	..	..	1.81	1.50
Pete Lake	1	...	...	...	..	..	...	11¼	2¼	10¼	1¾
P. L. Cobalt	1	...	...	14	13½	14	8450	..	..	32	12
Porc. Crown	1	...	...	10¾	8½	9½	69000	8	2	12	4
Pioneer	1	...	...	1.17	1.12	1.12	25000	..	..	1.22	.66
Premier Gold	1	32	17.00	1.90	1.87	1.88	12200	2.58	2.19	2.75	1.83
Preston	1	...	...	5½	5	5½	9100	12	6½	92	4
Osisko	.	...	...	1.55	1.25	1.35	9150	..	..	1.94	1.05
Rouyn	.	...	...	5	3½	4	70300	10	3	9	1⅞
Rouyn, Que.	.	...	...	4⅜	3	3½	74750	..	..	4½	1¼
Siscoe	.	...	...	15	12	15	2000	..	..	15	12
South Keora	1	...	...	40	38	39½	50700	26	20	40	5
Stadacona	1	...	...	55	52	53	447945	..	..	55	40
Teck Hughes	1	10	1.57	6.80	6.20	6.35	174711	3.00	1.23	6.80	2.64
Timiskaming	1	...	...	...	..	..	...	30	11½	15¼	5½
Thomp. Krist	1	...	...	...	..	..	...	3	1	3½	1
Tough Oaks	1	...	...	62½	55	60½	198600	61	25	65½	36
Towagamac	1	...	...	5.25	4.45	4.65	16920	..	..	6.10	3.15
Vic. Silver	1	...	...	7½	4½	6	90000	31	5	9⅛	3⅛
Vickers	1	...	...	1.32	1.30	1.31	53500	.20½	.3	1.32	.13
Vipond	1	...	...	1.68	1.60	1.61	42343	1.61	1.01	2.02	1.49
Wakenda	1	...	...	...	..	..	...	3½	1	2¾	1
Wasapika	1	...	...	...	..	..	...	3⅝	1	4	1
West Tree	1	...	...	4	3	3	4800	5	2	4	2
Wettlaufer	1	...	...	2	2	2	1000	17	3½	10	2
Wright Har.	1	37½	3.75	10.00	9.35	10.00	47940	7.95	4.15	10.00	7.75

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Pioneer Stadacona Area Duprat Laval

THIS week's Market Despatch contains important information on the above mines, which may be expected to have an effect on their market values in the near future.

We shall be glad to mail a copy to all those interested.

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BEARDMORE AREA LIKELY TO ATTRACT MUCH ATTENTION

Diamond Drilling Has Awakened Feeling of Optimism

BEARDMORE.—Taking the place of the rather sketchy development work which has until recent months characterized the activity in the Beardmore mining area, the efforts of the Beardmore Mining Co., Ltd., and other operators, provide a basis for the expectation that this field will, within a reasonably short period, attract much attention. Following the discovery of gold in this section in the summer of 1925, and the consequent publicity, Beardmore entered a period of rather desultory development, and while the initial "boom" had attracted widespread interest, the district soon settled into an almost forgotten class, hardly to be expected in a field with the admitted promise of the area between Jellicoe and Nipigon, on the Canadian National railway.

Regulations governing the performance of work within the crown timber reserve had not a little to do with the lack of spirit shown in the majority of instances, when prospectors found it easy, because of the restrictions, to cut the performance of assessment work to a minimum. However, within recent months, in instances where serious development was undertaken the results were of such a nature that interest has been again aroused, and the showings revealed on many properties have proven an incentive for other claimholders to show up their discoveries and accordingly considerable work has been done.

Diamond Drill Tests

Of outstanding importance to the area, because no previous work has been done at depth, is the drilling carried out in the claims of the Beardmore Mining Company, Ltd. This work constitutes the first real test of the veins, and the results have become a source of gratification to the company, as well as an inspiration to others holding claims. During the fall the Sterling Diamond Drilling company did 3,500 feet of drilling on the claims of the Beardmore Mining company. This property comprises the original "discovery" group of three claims, known as the Powers claims, and other claims totaling approximately 1,100 acres. Superficial exploration on the property yielded very interesting results, this work being confined chiefly to the discovery vein, which has been opened up for about 1,700 feet. Trenching and test-pitting has been done in this showing, in addition to a shaft sunk to a depth of 25 feet, at the bottom of which a four foot quartz vein is exposed which yielded a channel assay across that width of over $100 a ton. Early exploration in the Beardmore area failed to show that the schisted bands found in abundance in relation to the quartz veins carried any appreciable gold content, but the work carried out on the Powers' claims has established the fact that the schist is well mineralized and carries encouraging values. On the surface, for a considerable portion of its length, the Discovery vein has given channel assays over widths up to 26 inches of as high as $60.00 per ton, disregarding spectacular returns from isolated spots of exceptional enrichment.

$31.16 to the Ton

In the diamond drilling, however, is where the most conclusive information may be expected to be obtained and this work has proven some very interesting conditions which give substantial ground for the hope that important ore bodies may be proven.

It is reported that 38 feet of quartz and mineralized schist yielding good values were found within a depth of three hundred feet. At the time of writing, no complete analysis of the diamond drill results is available, although official advice is to the effect that on one hole, the No. 5, the drill cut a quartz vein five feet wide, assaying $31.16 to the ton in gold over the full width at 140 feet. Within the next few days additional information may be expected regarding the findings at depth, but it is known that encouraging results have attended the work.

The drilling has been discontinued for the present, but it is expected that additional work of this nature will be put under way in the spring. Up to the present approximately $55,000 has been spent in the development of this property and it has been suggested that the results from the No. 3 hole would alone indicate a condition that justifies the amount expended. It would therefore appear that the Beardmore Mining company has tapped a new and very promising property in an extensive gold area which justifies thorough exploration.

Topography and Geology

The so-called Beardmore gold area stretches along the Long Lac Fort William branch of the Canadian National railway for a distance of approximately 20 miles from Jackpine to Warneford, as well as southeast of Neza. It would appear that the Blackwater River valley, which the locating engineers of the railway followed because it was the easiest railway grade, is actually the structural break across the country between Long Lac and Nipigon in which the gold deposition occurred.

Strangely enough, this very proximity to a transcontinental railway has seemingly re-acted against this area, for it is too close to furnish press romance and therefore overlooked by the feature writers. It is becoming apparent, however, that this field, in common with others similarly accessable in Northwestern Ontario, is just beginning to attract merited attention from outside prospectors and mining operators.

The Beardmore field is, on the whole, an area of low relief, the general trend of the Keewatin rock ridges being parallel to the Blackwater river, a few degrees south of west. The most prominent ridges appear to be composed of Keewatin diabase, which occurs as a sill. The predominant rocks are schists, with a general strike toward the northeast and with a nearly vertical dip. The schists are of both igneous and sedimentary origin, and the conditions surrounding these occurrences are taken to indicate a deep-seated regional metamorphism. It is considered that the schist complex provides favorable ground for prospecting for gold, copper, lead and iron, and work already done in the area has shown the veins to be carrying a variety of minerals, including iron pyrites, copper pyrites, arsenical pyrites, galena, pyrrhotite and megnetite, as well as needles of tourmaline in some cases. The area is extensively drift-covered and lies within the Nipigon Forest Reserve.

The prospective mining area is exceptionally well served so far as transportation facilities are concerned by the Canadian National railway. The section of the country is good enough to warrant the statement that it is worth the time and expenditure of prospectors and mining men, as it is certainly not improbable that the area may develop into an economic mining section if sufficient development funds to prove it up are forthcoming. Already there are discoveries of merit, some well-advanced in preliminary development and, along with railway facilities, it has cheap power available from the Nipigon hydro electric development immediately adjacent.

PARORA MINES

Parora Mines, Limited, have acquired a group of claims consisting of 200 acres in Duprat Tp., Que., adjacent to Consolidated Smelters and Duprat Mines. Directors are formulating plans for the immediate exploration of the property.

Mining Inquiries

Peace River Collieries

I have in my possession a certificate for seven shares of capital stock of the Peace River Collieries, dated the 15th of July, 1912.

Would you kindly advise as to whether this certificate is of any value?

We have no record of Peace River Collieries. It is rather difficult to learn whether it was a Dominion or Provincial company, and if the latter, which province, British Columbia or Alberta.

Perhaps if you wrote the Department of Mines at Victoria and Edmonton, you might get some information.

Harvie Mining

I would appreciate very much any information you could give me regarding the Harvie mining operations and their prospects of success. I have done very well in Noranda, and was thinking of switching into Harvie Exploration, as they seem to have big possibilities with location of their ground and the high technical management behind it.

In many quarters the Harvie operation is regarded as being one of the most important in Quebec, second only in size to Noranda. It is in good hands. The company has an interesting expansion program under way and has launched an aggressive operation on its large properties in Clercy Tp., Quebec.

Vickers

I would thank you to advise me of your opinion of the Vickers mining stock, which is sponsored by Oke and Company.

Vickers has been accumulating rather attractive groups of Quebec property; on what basis has not been announced. The company has a good block adjoining Coniaurum in Porcupine and one of its Quebec groups is in an attractive position. We understand that there is but little Vickers stock in the hands of the public and this has been a factor in putting the stock up. The company is starting exploration work on its main Quebec groups on a rather attractive surface discovery made some time ago.

We would suggest that the stock might be a long hold.

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—An Individual Opportunity

THE fact that the business of a whole nation is on the march is seldom perceived until the movement has become a rush. This seems particularly true of Canada today; that the return of prosperity is like the incoming of a tide on an open coast. Almost imperceptibly advances are made, and even while depression is being preached, the forward movement gains momentum until suddenly it forces its active attention and its benefits on every household and in every business in the country.

The same thing is especially true of the movements of mining development. Booms have come and gone, and usually these have centred around a particular point, but the last three years have marked an accumulation of accomplishment along a great front, stretching from Manitoba to Gaspe, so steady and consistent that the whole country is beginning to realize that a great and sustained attack is under way which, in all probability, will last for generations and turn this country into the world's greatest producer of metals.

Figures which cannot be challenged tell the tale of a rising stream of profits flowing out of the North Country. This has already enriched many people and will enrich many more, but because of the very brilliance of the opportunity I would urge with all the power at my command that care be used. Opportunities of the most alluring order are being offered every day, but the opportunity which after knocking at your door does not give time for investigation should be allowed to pass by.

There are many sources of information but I believe that the safest guide is a man's own bank manager. In any industrial proposition or general investment the bank manager would undoubtedly be consulted. He, through his knowledge of ways and means, is in a position to find out those facts of personnel and capitalization upon which success so much depends, and I believe that such consultation in the matter of mining stocks would help greatly in making the proper choice. It is obvious from the statements of leading bankers, and the advertising of leading banks, that they are fully alive to the part mining will play in the development and wealth of this country, and they have always shown a disposition to help make any industry safe for capital.

A mining industry safe for capital will provide a means of individual enrichment beyond anything that Canada has ever experienced.

Robert Harvie *President*
Harvie Mining Exploration
Company, Limited

Canada Cement Building
Montreal, January 15th, 1927

JAY COPPER-GOLD MINES
LIMITED
(NO PERSONAL LIABILITY)
The work completed has proven the property to have great merit. Vein at 200 feet is 8 feet wide.
We have prepared a most up-to-date map of Northern Quebec. It is yours for the asking.
WRITE
Francis J. Hunter & Co.
Limited
Mezzanine Floor — Mount Royal Hotel
MONTREAL

BUILDING ACTIVITY PROVIDES FEATURE OF LABOR MARKET

More Workers on Payrolls Than Any Time in Past Five Years

Marked expansion in construction was the outstanding feature of the employment situation during the past year, in which the number of workers covered by this industry more than doubled during the summer. Manufacturing showed consistent gains for many months, affording considerably more employment than in earlier years of the record except 1920. Transportation, mining, services, communication and trade were all much more active than in preceding years; in the last named, and in construction, employment attained its highest point in the record. Logging, on the other hand, was quieter than in former years.

125,000 Added to Payrolls

This briefly covers the situation in the major lines of activity during 1926, and the aggregate volume of employment was greater than in any other year since 1920, there being almost uninterrupted expansion on a large scale from early in January until the first of October. This upward swing carried the curve of employment to a level many points higher than in any of the last five years. During these eight months of advancing employment, nearly 125,000 persons were added to the staffs of reporting firms, a greater number than had been taken on in the same period of any other year of the record except 1922, when the opening up of industry following the depression of 1921 caused the employment of approximately the same number of extra employees.

Tabulated payroll data were received by the Bureau of Statistics, from some 5,850 firms who employed a monthly average of 807,342 workers during 1926, their staffs varying between 733,175 on January, 1, and 865,013 at the beginning of October. The index, with January, 1920, as 100, reached its highest point for the year in that month, standing at 105.2 as compared with the 1925 peak of 98.3 on October 1 and with 100.2 on August 1, 1923, the previous high level of the five year period. The index averaged 98.4 during the year, the highest since 1920.

All Provinces Report Increases

Firms in all provinces reported augmented employment during 1926, as compared with 1925. As in the preceding year, the index of employment was higher in British Columbia and Quebec than elsewhere. The Maritimes reported a fair volume of employment during the year, with recessions and advances more marked than in other provinces. The aggregate payrolls of the reporting firms, however, averaged larger than in the preceding year.

Development of the power and pulp and paper industries in Quebec, was largely responsible for the improvement shown in returns. Although the upward swing was not so prolonged as in the previous year, the number of persons added to staffs was substantially larger during 1926. It is worthy of note that during the summer, over half of the employees reported in construction in the Dominion were working in Quebec.

Employment in Ontario showed the same general fluctuations in 1926 as in 1925; the usual losses at the beginning of the year were followed by two months of partial recovery. Cessation of logging operations caused employment to decline on April 1, but extensive gains were made in succeeding months, with only one exception, until the beginning of November. This expansion brought the index number to the highest point recorded since the latter part of 1920.

The level of employment in the Prairie Provinces was higher in 1926 than in the previous year. Improvement in construction and transportation was particularly marked. Pulp and paper, iron and steel and other divisions shared in the upward movement noted within the manufacturing group. Logging and mining, on the whole, were slacker than in the preceding year, but picked up towards the close of last year.

Employment in British Columbia for the past year, was the best recorded since 1920. At the end of the year, employment was over 12 points higher than at the beginning. All branches of manufacturing showed heightened activity. Logging, construction and other divisions, with the exception of mining, were much busier than during the preceding year.

Coast Motorists Oppose Compulsory Auto Insurance

Outlining by a series of statements the case against compulsory automobile insurance, The Automobile Club of British Columbia declare that, "Compulsory motorist insurance laws have yet to be put into actual practice, and if such legislation were introduced into British Columbia at the present time it would be in the nature of an experiment.

"In the first place there are no facts which indicate that such insurance would reduce the number of accidents. In Switzerland and Denmark, where mild forms of similar legislation have been enforced under far different motoring conditions, the number of accidents has increased. The Massachusetts law, the first law to be tried under comparable conditions, went into force on January 1 and no report on its effect is yet available.

"Secondly," the statement continues, "there are no statistics available as to the amount of uncompensated losses from motor vehicle accidents. The Automobile Club of British Columbia believes that the menace of the financially irresponsible driver has been greatly exaggerated."

The statement then goes on to compare this proposed law with the Workmen's Compensation Act, but finds that the two have little in common. The motorist has no means of distributing the cost of his insurance, nor does he receive any reciprocal benefit in sacrificing his rights to the pedestrian.

Securities at Auction

At recent auction sales in various American cities there have been numerous sales of securities of interest to Canadian investors. Some such transactions follow:

200 March gold, par 10c., at 10c.
1,000 Porcupine Crown, par $1, at 9½c.
1,000 Baldwin Gold Mines, par $1, at 3½c.
1,000 Chaput Hughes, par $1, at 5c.
250 March gold, par 10c. at 16c

57th Annual Statement

THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA

The *Outstanding Features* of an Excellent Year Are:—

1—Largest *Net Earnings* in Company's Record of, $4,141,375.70 of which $3,409,345.32 will be used to provide dividends to policyholders, and the balance, $732,030.38, retained in Surplus Account to further strengthen the Company's position.

2—*New Business Written* largest in the Company's history, totalling - - - - - - -	$50,039,348.00
3—Largest *Gain in Assurance in Force* of - -	$31,540,437.00
Increasing the *Assurance outstanding* to - -	$354,069,722.00
4—*Expense Rate* reduced to lowest in Company's History, ratio of expense to income being - - -	15.11%
5—Rate of Interest Earned on Invested Funds - -	6.48%

FINANCIAL STATEMENT
FOR YEAR ENDING DECEMBER 31 1926

CASH ACCOUNT

RECEIPTS

PREMIUMS paid by policyholders	$12,768,600.85
INTEREST AND RENTS received on invested assets	4,505,936.43
DIVIDENDS AND POLICY PROCEEDS left on deposit with the Company	844,275.72
ALL OTHER INCOME	107,022.91
TOTAL RECEIPTS	$18,225,835.91

DISBURSEMENTS

PAYMENTS UNDER POLICY CONTRACTS		
Death and disability claims	$1,813,116.00	
Matured endowments	740,502.78	
Surrendered policies	1,422,665.26	
Dividends paid policyholders	3,093,189.78	
Annuities	20,092.30	
		$7,089,566.12
DIVIDENDS AND OTHER AMOUNTS held on deposit withdrawn during year		377,337.24
TAXES AND LICENSES—This amount includes payments to Federal, Provincial and Municipal authorities		161,835.68
GENERAL EXPENSES covering cost of Head Office and Agency administration, commissions and other incidental expenses		2,592,705.98
ALL OTHER DISBURSEMENTS		156,125.65
TOTAL DISBURSEMENTS		$10,377,570.67
EXCESS OF RECEIPTS OVER DISBURSEMENTS, which represents the increase in the invested assets of the Company during the year		7,848,265.24

BALANCE SHEET

ASSETS

MORTGAGE LOANS AND SALE AGREEMENTS comprising first mortgages on real estate in every province of the Dominion	$27,735,343.34
GOVERNMENT AND MUNICIPAL BONDS	29,308,135.17
OTHER BONDS AND STOCKS	5,539,220.43
The present market value of total bond holdings exceeds the book value at which they are shown by upwards of $2,000,000.	
REAL ESTATE (including Head Office premises conservatively valued at $727,601.64)	1,790,268.93
LOANS TO POLICYHOLDERS AND PREMIUM OBLIGATIONS fully secured by the cash value of policies of this Company	12,447,998.50
CASH AT HEAD OFFICE AND IN BANKS	116,883.46
PREMIUMS due, but not yet paid, also unpaid semi-annual and quarterly instalments	1,550,473.41
INTEREST due and accrued on invested assets	2,124,210.17
TOTAL ASSETS	$80,612,533.41

LIABILITIES

POLICY RESERVES—The Department of Insurance (Dominion of Canada), under whose supervision this Company operates, requires the maintenance of a reserve fund sufficient to guarantee payment of claims as they arise under assurance contracts. The amount held by this Company is considerably in excess of statutory requirements			$65,027,715.00
UNPAID POLICY CLAIMS, which includes death claims awaiting proof of death, matured endowments awaiting payment, and provision for death claims of current year not yet reported			269,608.82
DIVIDENDS AND OTHER AMOUNTS on deposit with the Company			3,517,892.58
DIVIDENDS TO POLICYHOLDERS due, but not yet paid			151,241.71
TAXES—Provision for taxes payable in 1927 computed on business of 1926			140,472.14
OTHER LIABILITIES, including premiums and interest paid in advance, unpaid expenses, credit ledger balances, etc.			391,688.55
SPECIAL RESERVES AND SURPLUS FUNDS as follows:			
Dividends allotted deferred dividend policies		$3,729,383.11	
Provision for interim dividends under quinquennial policies		450,127.76	
Provision for dividends payable in 1927		3,100,000.00	
Special investment reserves compiled as follows:		1,026,057.20	
Specific depreciation reserve on mortgages and sale agreements	$126.057.20		
General investment reserve	900,000.00		
Free surplus available for contingencies		2,808,346.54	
			11,113,914.61
TOTAL LIABILITIES AND SPECIAL FUNDS			$80,612,533.41

HUME CRONYN, President. **W. H. SOMERVILLE, General Manager.**

AUDITORS' CERTIFICATE

We have audited the books and accounts of The Mutual Life Assurance Company of Canada for the year ending December 31st, 1926, and have verified the investment securities ard the cash and bank balances as of the above mentioned date.

Accepting the certificate of the Company's Actuary for the policy reserves and other liabilities to policyholders, we certify that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given us, and as shown by the books of the Company.

Toronto, Canada,
January 13th, 1927.

G. M. Mulholland, F.C.A., } Auditors.
A. B. Shepard, C.A., }
of Thorne, Mulholland, Howson & McPherson, Chartered Accountants.

The Annual Meeting of the Policyholders will be held on Thursday, February 3rd, at the Head Office, Waterloo, Ontario

Real Estate Mortgage Bonds Rank High as Investment

(Continued from page 1)

elaborate, highly organized technical staff, consisting of lawyers, real estate appraisers, architects, engineers and investment experts.

The first real estate bond issue, in so far as my own researches have been able to discover, financed a Chicago building erected in the early nineties of last century. Such issues became more and more common after the turn of the century and one after another of the familiar modern safeguards such as the gradual amortization of principal and the requirement of monthly deposits of principal and interest by the borrower, originated by S. W. Straus, were adopted and became more or less standard practice among underwriting houses specializing in the real estate field. The big development, however, in so far as volume is concerned, has come within the past ten or fifteen years and especially since the war. During each of the last two years, close to a billion dollars of real estate bond issues have been underwritten and sold in the United States. Not only has this type of bond become one of the major forms of investment but its undoubted popularity, based on proven merit, has brought into this underwriting field in the last five or six years not only most of the well known "general market" bond houses but also a large number of new concerns of no experience or competence and apparently also in some cases of little financial or moral responsibility. That is where the danger lies to both the undiscriminating investor and the undiscriminating builder.

But before I proceed to discuss how both the investor and the builder may discriminate as between the sound and the unsound in this field. let me cite a few statistics to illustrate the record of first mortgage real estate securities and to prove the claim that, properly selected and safeguarded, they challenge comparison with any other type of investment on the grounds both of safety and of yield.

Insurance Companies Prefer Them

Everyone knows that the real estate mortgage has long been the preferred investment of the great life insurance companies because their losses from this type of investment have been negligible and the average return over a period of years has been approximately 1½ per cent. in excess of that received from their other bond and stock holdings. During 1925, the U. S. life insurance companies increased their mortgage holdings by almost $650,000,000, and at the end of that year had over $4,800,000,000 invested in this type of security or over 42 per cent. of their total admitted assets, that ratio having increased from 30.8 to 42 per cent in the last six years.

You in Canada may not be so familiar with the analogous record of the U.S. building and loan associations whose total outstanding loans of this type now exceed $6,000,000,000. Though such associations are allowed by law in some states to lend up to as much as 80 per cent. of the value of improved property (as in the case for example of such conservative states as New York and New Jersey), their losses over a long period—nearly 100 years, now, in fact—have been insignificant.

Not Complete Information

Unfortunately, complete information in regard to the sale of real estate mortgages and bonds by the mortgage bond companies is not available. We do know, however, that of over $1,400,000,000 of such mortgages and bonds sold since 1900 by 266 companies reporting in December, 1923, to the National Association of Real Estate Boards, the losses on principal were only $38,925, or less than three one-thousandths of 1 per cent. Four mid-western firms reported "some loss" on interest account, but in no case did the investor in the mortgages or bonds sold by these 266 companies operating in all parts of the U.S. lose a dollar of either principal or interest.

I have already indicated that certain abuses have crept into the industry and that not all real estate bonds and not all sponsors of real estate projects financed by first mortgage bond issues are worthy of the confidence either of investors or of builders.

Character of Selling House

Let me say at once, and with all candor, that the best and easiest guide to the soundness of the underlying project lies in the character of the investment house underwriting the first mortgage bonds. If that house is an established firm, with a reputation for competence and for financial and moral responsibility, you can be reasonably assured that the project is soundly conceived and will probably be satisfactorily executed. This, of course, does not necessarily mean that you can afford to accept any amount of any kind of junior securities with complete freedom from worry over possible losses. The first mortgage underwriter is interested primarily in the safety of the first mortgage bonds; and you can be assured that a reputable house will use its utmost of experience and of skill to assure that end. As a necessary incident of its efforts to safeguard the first mortgage bondholders, it will, of course, assure itself that the necessary junior money will be forthcoming in order to complete the enterprise and also that the earning power of the project is or will be such as to provide an ample "factor of safety"—or in other words leave a considerable surplus for the equity holders. But it should be clearly understood that the first mortgage underwriter as such is under no obligation to protect the holders of the junior securities against loss.

Perhaps I can make my position clear in no better way than to discuss in some detail the points we consider and the type of investigation we undertake when we underwrite a first mortgage bond issue.

One of the first considerations is the borrower—the principal behind the deal. What is his financial responsibility? Will he be able to carry through the project to completion and support the enterprise during the initial operating period or other temporary periods when under unfavorable conditions operating losses may be incurred? What has been his past business history? Has he had successful experience with the erection and operation of similar enterprises in the past? Has he a reputation for carrying out his obligations? Is he resourceful enough to meet and overcome unexpected difficulties? What of his moral responsibility? Answers to these questions involve a thorough credit investigation by a competent credit department of the underwriting house.

Not only must satisfactory answers be obtained to such questions but the principal borrower must himself have a substantial stake in the enterprise. This question of the borrower's equity, however, I will discuss in greater detail under a later heading.

Location Also Important

A second important consideration is the question of location? Is the particular site ideal or at least highly suited to the type of development proposed? What is the trend of development in the given section? Is the new structure in the path of development or is it in an old deteriorating section Is the district likely to undergo important changes during the life of the loan, due to the shifting of business districts, changing transit conditions, development of nuisance, etc., or is it well protected against blight or decay by strategic location or substantial investment or zoning restrictions?

This factor of location is of enormous importance in view of the dynamic character of our modern cities, the tendency of business and residential districts to shift and the importance of convenience or accessibility in these days of congested transportation. It involves a real estate judgment, a comprehensive knowledge of values and trends in the specific city and in other cities, and a certain "intuition to sense coming developments, which is developed by experience. The ability to select locations shrewdly is what distinguishes the successful real estate operator from the unsuccessful one, the successful real estate bond underwriter from the mediocre one. A little study of real estate issues brought out in Canada in the last year or two will disclose instances where this problem of location was not given ample consideration. Builders can probably recall instances where non-fireproof apartments are being erected in locations where only fireproof structures ought to be built and vice versa. Such misplacement of buildings is good neither for the buildings nor for the districts in which they are erected.

Demand for Facilities

If it is decided that a proposed building is the right type of development for a given location, the next question is whether a demand for the facilities to be provided exists in degree and at prices sufficient to give an adequate return upon the necessary investment. If such a demand exists at the moment, is it likely to persist throughout the life of the loan? I note in Canadian financial papers an occasional fear expressed that some types of buildings are being overbuilt in certain cities. Without making a careful investigation "on the spot" in each case I would not undertake to say whether or not these alarms are soundly based and certainly I am only too well aware of the mistakes which the amateur critic is apt to make in underestimating the effect of changing modes and rising standards of living and in overlooking the fact that especially in a growing community some surplus of building facilities is both necessary and desirable. But obviously it behooves all interests concerned, builders as well as building owners and underwriters, to prevent the creation of any abnormal surplus.

If the underwriter is to be able to make sound decisions bearing upon the supply of and demand for various types of building facilities, he must at all times have his fingers upon the pulse of the real estate market through contacts with real estate agents and property managers, frequent reports from buildings already financed recording the results of their operating experience, and periodical rental surveys reporting the vacancies in individual buildings in the various areas in which the firm is interested, the amount and character of new facilities coming upon the market, the rentals being secured for various classes of accommodation, and any changes in rental rates, in the tone of the rental market or in the character of accommodations demanded. Such rental surveys must be made by the underwriter's own organization. They should be supplemented, of course, as much as possible by check-up with outside experts, but the underwriter operating on a large scale can rarely afford to depend solely upon the judgment of any outsider.

Forecasting Net Income

This accurate, exhaustive knowledge of the rental market and of the operating experience of existing buildings is particularly necessary, if reliable estimates of the probable gross revenue, operating expenses and net income of the proposed structure are to be made. The accurate forecasting of net income is of course the crux of the problem of successful lending upon real estate. From net income must come the funds out of which interest is to be paid and the principal of the loan gradually amortized. The amount of net income is the only true basis upon which to determine the amount of money which can be safely loaned upon the enterprise. It is of course not the only consideration, but no loan, however low a percentage of the cost or value of the structure, is sound unless a conservative estimate of net income will indicate a satisfactory "margin of safety" over the amount of the fixed charges. A cursory examination of real estate bond issues recently issued in Canada seems to indicate that at least in a few cases considerable optimism was used in making up the estimates of gross and net income.

Another factor is the efficiency, for the purpose intended, of the detailed plans of the building. The right type of utilization for the particular location may have been decided upon but the plans submitted by the owner and his architect may represent an inadequate utilization of the site. The building proposed may constitute either an over-development or an under-development of the given parcel of land. Neither "white elephants" nor "taxpayers" constitute a desirable basis for a real estate bond issue. Yet it is no easy matter to determine what is the ideal degree of utilization for a given plot at a given time and only experience plus careful study of all the conditions of the particular case can approximate the correct answer.

Not only must the plot be utilized to the right degree of intensity but the detailed plans should provide for the maximum degree of efficiency. Waste space should be reduced to a minimum, unnecessary costs should be eliminated, floor layouts should be such as to produce the maximum of well-lighted, well-arranged and easily accessible rentable units, elevator and other service facilities should be in accord with the most modern standards and every factor in the planning problem should be so handled that the net result will be the maximum ratio of net earning power to total cost or investment during the reasonable life of the project.

No Criticism of Architects

Expert consideration of plans from the income or financial point of view will frequently make all the difference between success and failure of the project in a time of business depression or drastic competition. Supervision of plans does not involve criticism or supersession of the architect. Architects usually work under undue limitations of time and expense imposed by the owner and in any case their primary interest is likely to be that of architectural design. The point I am making is that co-operation of the underwriting houses with the architect and, in particular, the stressing by the former of the earning power and rental points of view in the initial planning stages, are likely to have an exceedingly important bearing upon the future success of the enterprise. Indeed, the main reasons why we prefer a construction loan to a loan on a completed building is that with our specialized technical equipment, we are able, to a very large extent, to control all the factors that will determine the ultimate success of the project. Most completed buildings are, to a large extent, inefficient, but the mistakes having once been made are usually not subject to correction except at disproportionate expense. In the case of a new project to the extent that we know our business we can prevent the mistakes that undermine earning power and cause a building to fall behind in the competitive race.

For our present purposes the chief importance of an engineering department is to see that the specifications for the proposed building measure up to the standard specifications of the underwriting house for the particular type of project in question and also to supervise the actual construction process in order to insure that these specifications are lived up to in practice. I need not dilate upon the services performed by a field staff of inspectors whose duty it is to see that the underwriters' requirements are enforced and that $100 worth of honest work is given before $100 worth of construction funds are paid out.

Capital Structure of Enterprise

Finally I come to the question of the capital structure of the financial plan of the new enterprise. Briefly summarized, it should be well-balanced and such as to provide adequate funds and yet avoid over-capitalization or excessive fixed charges.

Of first importance is the soundness of the first mortgage financing. It is impossible to lay down any easy rule of thumb or any cut and dried formula for determining what is the correct percentage which the first mortgage loan should bear to the value of the project. If it were possible to discriminate between sound and unsound loans by such a simple criterion as whether they were below or above 50 or 60 per cent. of appraised value anybody could safely go into the real estate mortgage bond business. Long experience, however, has shown that some 40 per cent. loans are unsafe and that some 70 per cent. loans are perfectly safe. As already stated, the loan, however low the percentage to cost or appraised value, will not be sound unless earning power is present more than sufficient to pay the interest charges on the loan and gradually amortize the principal. The amount of equity required will vary greatly with the size and nature of the project, the location of the property, the income possibilities of the enterprise and the character of the borrower, but in all cases it should be ample to provide an adequate "cushion" in time of financial trouble and to insure the utmost endeavor on the part of the owner to pull it through any crisis which may develop. Incidentally, it should be noted that from this latter point of view the absolute amount of equity in dollars may be of greater importance than the mere percentage of equity. For instance, a 35 per cent equity may represent a cash investment of $350,000 in one project and one of $35,000 in another project. It is abvious that the $350,000 equity will be more effective than one of $35,000 in maintaining the sustained interest of the borrower.

Appraisals Are Difficult

This question of the margin of equity raises the whole question of appraisals. It is true that in the case of any productive enterprise, whether it be farm or factory, office building, or apartment house or commercial, earning power is both the cause and the measure of value. If net income be large, the project has value; if it can earn nothing above the operating expenses, then apart from scrap it has no present value no matter how great its original cost or its cost to reproduce. "Not what was put into it but what I can get out of it," is the fundamental question to which the prospective purchaser of any income-producing property requires an answer. Unfortunately, however, in the case of the new construction project it is not easy, particularly for the public official or the ordinary investor to determine the reasonableness of appraisals which are based on a capitalization of probable net income. It takes long experience to estimate with accuracy what the income of a building is likely to be over a period of years and to determine the rate at which such income should be capitalized. In view of the possibilities of abuse of such an appraisal basis by irresponsible appraisers or irresponsible underwriting houses, the security commissioners of the various states "across the line" are more and more requiring appraisals on the value of sound or prudent investment cost. I grant you that cost itself is not a fixed and certain sum but I think there is a good deal in the contention that for the public official it is subject to determination or check with greater ease than capitalized earning power which involves several difficult estimates.

Composite Basis of Appraisal

For own purpose we have found it desirable to use a composite basis of appraisal. In the first place, we determine the actual out of pocket cash cost to the particular borrowen, This enables us to determine the actual bona fide stake which the borrower has in the project and as I have already indicated we stress the importance of this borrower's actual investment because we realize that its size will largely determine the zeal which the borrower will exhibit in carrying his building through to completion and maintaining it on a successful basis. Actual cost to the particular borrower, however, may be either excessive or abnormally low. For that reason we make a second appraisal on the basis of what we call sound investment cost. By this is meant all those reasonable or prudent expenditures which would have to be made by a third party duplicating the enterprise. The particular borrower, for instance, may have paid $100,000 for his land, when it could be bought by a shrewd operator in the open market for $75,000. Or conversely, he may have been fortunate enough to pick up a lot some time previously for $50,000, when its fair market value to-day would be $75,000. So with all the other items of cost—they must be discounted or adjusted to represent reasonable expenditures. This appraisal on the basis of sound investment cost, however, is not accepted unless it is amply confirmed by capitalizing, at a reasonable rate, the probable net income conservatively calculated.

There are other questions in connection with the first mortgage financing such as the interest rate, the term of the bonds, underwriting commissions and the handling of construction funds which I cannot take time to discuss, but I do wish to say that I have noted with some surprise the number of issues being placed upon the Canadian market which carry a 7 per cent. interest coupon, and which mature only at the end of twenty years. There are, of course, issues which justify this rate and this maturity but it is at least doubtful whether issues on small, non-fireproof or semi-fireproof apartment houses should run for a period of twenty years. I have already referred to the tendency of business districts to shift in our rapidly growing modern cities, and we can all recall such shifting in leading Canadian cities—I need only recall to your minds the competition of Main and Portage Streets in Winnipeg, or of St. James and St. Catherine Streets in Montreal. Due attention to this obsolescence factor might suggest a 10 to 15 year term as more appropriate for projects of the character mentioned above.

To Assist You
In Making
Your Will

We have prepared some very interesting literature in descriptive form which is now ready for distribution. It contains much information of value to those contemplating this important duty.

A copy will be forwarded, without obligation, upon request.

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Managing Director.
W. H. STEVENS,
Local Manager.

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CANADA LIFE
ASSURANCE COMPANY
ESTABLISHED 1847
HERBERT C. COX, *President.*
E. R. WOOD, LL.D., *Vice-President.*
LEIGHTON McCARTHY, K.C., *Vice-President & General Counsel.*
T. G. McCONKEY, *General Manager.*

The year 1926 was one of real progress for the Canada Life. Following are the

OUTSTANDING FEATURES OF REPORT

Policyholders Now to Receive 95% of Profits

From 1st January, 1927, the Company will allocate to all Policyholders holding participating policies 95% of the earnings from all sources, while only 5% will hereafter be apportioned to the share capital.

Entry Into New York State

The Canada Life is now actively represented in New York State. More and more the growth of Canada Life business in Great Britain and the United States stamps the Company as international in character.

Business Maintains Remarkable Momentum

A most encouraging year's business, well in excess of 1925, is eloquent of the character and vigor of the Company's representatives and the confidence of the public.

Total Business Issued in 1926—$147,321,211

		Increase
Total Insurance in Force increased to ...	$673,390,000	$94,730,000
Total Assets increased to	127,248,000	12,787,000
Reserves for Protection of Policyholders .	112,530,000	12,234,000
New Assurances paid for in 1926	136,939,000	8,376,000
Total Income for 1926	32,031,000	1,904,000

During the year the large sum of $3,491,000 was paid in dividends to policyholders.

(A Complete Annual Statement Will Be Mailed Upon Request to Head Office at Toronto)

Massey-Harris Income Increased by More Than Half Million Over 1925

Report Reveals Earnings of $16.50 on Preferred, With $9.57 on Common

"COMBINE" SUCCESS

Domestic Business is Better, Leading Directors to Hope Relative Proportion With Exports Will be Restored

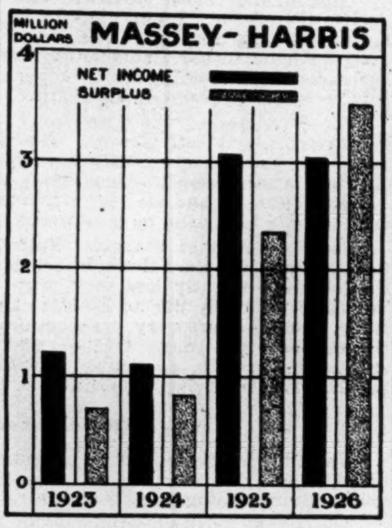

Chart shows growth of earnings and accumulated surplus of Massey-Harris.

With earnings of $16.50 per outstanding share of preferred and $9.57 per share of common outstanding, the Massey-Harris statement for the year ended November 30th makes the best showing of any recent year. The company had a gross income of $3,005,220 in the twelve months, from which is deducted $1,009,451 for interest, depreciation, income tax and contingencies, leaving a net profit of $1,995,768.

This compares with $1,411,174 in 1925 and $87,711 in 1924.

The report to be presented to shareholders at the annual meeting on January 24th points out that sales in the year under review have increased 22 per cent. and are greater in amount than those of any previous year since 1920. Prior to 1920 these were about equally distributed between Canada and the other countries, but since that time export sales have consistently exceeded domestic, and during the past year they have represented about 61 per cent. of the total. It is remarked, however, that enhanced domestic prosperity ought soon to restore the relative proportions formerly existing.

Crop Conditions Good

With sales in growing volume in every agricultural country, world crop conditions are of primary concern to the management and indirectly to the shareholders. While the Canadian crop was somewhat affected by adverse weather conditions in the latter part of the season, values remained fairly high. Average crops were garnered elsewhere except in Australia and the Argentine, but the crops now being harvested in those countries are materially better than those of last winter.

Investment Increases

The balance sheet shows that capital assets have increased to $8,516,223, compared with $8,207,948. This increase was principally on account of expenditures in improving plant equipment and the acquisition of branch warehouses in South America. A new investment is $368,707 in the site, buildings and equipment of the company's French plant at Marquette, near Lille. This works, it is expected, will be in operation in March or April of this year.

Current liabilities, bills and accounts payable, totaled $6,260,878, which is $2,629,323 in excess of this item in the previous year's report. This increase is viewed with equanimity, however, because it represents additional borrowed capital necessitated by the expansion of operations which have been proving profitable. The net liquid, or working capital, has increased $928,634, and is now at the substantial total of $23,083,911.

Current assets, including inventories of finished goods, goods in process, and materials, receivables, cash, etc., amount to $29,344,789, or more than four times the current liabilities, and $3,557,958 greater than at the end of 1925. It is pointed out that the increase is mainly in inventories occasioned by the larger sales, requiring heavier stocks of implements and parts at branches, and by the carrying of greater quantities of materials to care for increased production. Inventories, as usual, have been priced at cost or replacement value, whichever is the lower. Bills receivable have increased $521,065, which is deemed moderate in view of the greater turnover.

Produce Reaper-Thresher

The report of the directors makes reference to the Massey-Harris reaper-thresher as the "greatest labor-saving harvesting machine yet introduced." Sales have been increasing steadily. It is asserted that experience has proved the machine will reduce the cost of harvesting by one-half and its more general use in suitable areas will have a marked influence in the cost of producing all cereals.

Massey-Harris Co., as at present constituted, was incorporated in 1891, as a merger of the Massey company, established in 1847 by D. A. Massey, and A. Harris & Son, Beamsville, established in 1858. The plant and business of J. O. Wisner Sons & Co. was acquired in 1891. The Verity Plow Co., the Bain Wagon Works, the Corbin Disc Harrow business at Prescott and the Kemo Manure Spreader Co., Stratford, also were acquired with the view of rounding out the implement business. The Canadian company also owns 99 per cent. of the stock of the Massey-Harris Harvester Co., Batavia, N.Y., which formerly was the Johnston Harvester Co. and also acquired the Deyo-Macey Engine Co. of Binghamton, N.Y.

Capitalization—

	Authorized	Outstanding
Common	$12,500,000	$12,089,900
Preferred	12,500,0000	12,089,900

Shares $100 each.

Joint debenture note issued with the Massey-Harris Harvester Co., now reduced to $1,600,000.

Dividend Record—

Cash dividends paid each year, 1897 to 1921. In 1922 dividends were suspended in order to conserve cash resources. On preferred 7 per cent. paid in 1926.

Officers and Directors—

J. N. Shenstone, president; T. Bradshaw, vice-pres. and general manager; C. N. Appleton, sec.; C. L. Wisner, G. Valentine, E. R. Wood, W. J. Verity, G. W. McLauglin, C. S. Blackwell, A. S. Patterson, J. G. Hossack, T. A. Russell.

Profit and Loss—

	1924	1925
Net income	$2,346,543	$3,005,220
Recov. of assets	661,139	......
	3,007,682	3,005,220
Interest charges	480,513	193,151
Depreciation	939,165	500,245
Income taxes	150,000	200,000
Appropriation for contingency	......	100,000
Pension and insurance	26,830	16,055
Total deduc.	1,596,508	1,009,451
Net profit	1,411,174	1,995,769
Prev. dividend ..	......	846,293
	1,411,174	1,149,476
Prev. surplus ...	818,709	2,359,882
Contingent	130,000	......
	$2,359,883	$3,509,358

Four Years' Earnings—

Year	Earnings	Dividends	Surplus
1923 ..	$1,120,937	......	$ 750,153
1924 ..	1,065,180	......	818,710
1925 ..	3,007,682	......	2,359,883
1926 ..	3,005,220	$846,293	3,509,358

Market Record—

	Common		Preferred	
	High	Low	High	Low
1926	73	40	103	93

MONTREAL TRUST CO. HAD IMPROVED YEAR

Earnings Have Increased and Balance Sheet Position Has Bettered

From Our Own Correspondent.

MONTREAL.—The annual report of the Montreal Trust Company submitted to the shareholders at the annual meeting this week reveals a satisfactory increase in the profits coupled with an improved balance sheet position.

The statement shows that the billion dollar mark has been crossed in the item of "estates and trusts under administration and trusteeships of bond issues." The total under this head at December 31, 1926, was $1,055,073,734, an increase of approximately $262,000,000 over the figures shown at the end of 1925.

Sir Herbert S. Holt, president, in addressing the meeting, stated that every department of the business had been able to show an increase in earnings for the year. He added that owing to increasing demands, additional vault accommodation had been installed during the year and the bond and security departments enlarged.

Sir Herbert also stated that in view of the gratifying increase in the company's earnings, the directors felt justified in increasing the dividend to 17 per cent. The latter rate would therefore prevail in 1927, as compared with 16 per cent. paid in 1926.

The profit and loss figures follow:

	1926	1925	1924
Net profits	$336,343	$303,567	$280,089
Deduct:—			
Dividends	160,000	150,000	140,000
x McGill	......	2,000	2,000
Income tax .. .	43,325	28,238	23,740
Pension fund ..	5,000	....	....
Year's surp. ...	128,018	123,329	114,349
Prior surp. ...	210,828	877,499	473,150
Total surp.	338,846	210,828	587,499
Transferred to reserve	250,000	....	500,000
Balance	88,846	210,828	87,499

xSubscription to McGill University Centennial Fund. Final payment made in 1925.

PROSPECTS BRIGHT FOR "CAR COMPANY"

To Obtain Large Orders Soon and Will Undertake New Activities

From Our Own Correspondent.

MONTREAL.—The pronouncements of W. W. Butler, the president, at the annual meeting of the Canadian Car and Foundry Co. proved particularly cheering to the shareholders. The president was decidedly optimistic and stated that he saw good business ahead for "Canadian Car" and its subsidiaries.

The railroads are in the buying field at present with large equipment programmes and tenders are already under consideration from which announcements are expected in the course of the next two or three weeks. The Canadian National Railways has an equipment programme amounting to $20,000,000, all of which will not, however, be placed in Canada. From this expenditure, $10,000,000 will probably be spent with the car companies. In addition, Canadian Car has other business in sight on which it will tender.

Because in the past the car manufacturing business has been a feast or famine affair, with a resulting tendency to large overhead, one of the most significant features of the meeting was the statement that "Canadian Car" at the present time was investigating a new line of manufacture which would occupy its slack periods and assist in keeping the plant busy. No indication of the nature of this new development was given out, but rumor has it that the company intends to manufacture equipment or bodies for one of the larger automotive manufacturers of this continent.

May Pay Dividend Soon

It was stated also that if the company secures the business it anticipates in 1927, it may be possible to declare the dividend on the common shares, perhaps next year or before the end of 1927.

In a review of the operations of last year, Mr. Butler stated that the results were frankly disappointing, due to the fact that the railroads failed to come into the market for equipment. The loss on the year's operations, however, was more than made up by the company's subsidiaries, who began to feel the general improvement that came into Canadian business. While no mention was made at the meeting of the company's reparations claim for their New Jersey plant that was destroyed during the war, it is understood that officials of the company are feeling fairly optimistic as regards the outlook for payment. The bill allowing these payments has already passed the lower house at Washington. The remarks of the president at the meeting have already been reflected in the market and "Car" shares have shown much more strength of late.

Anticosti Working Hard

MONTREAL.—The work of the Anticosti Corporation is proceeding satisfactorily. Many camps have been established on the island and sufficient pulpwood is being cut this winter to meet the demands of the three parent companies next spring. With the opening of navigation in the St. Lawrence, the corporation will begin shipping pulpwood to the Wayagamack Pulp and Paper Company, the St. Maurice Valley Corporation and the Port Alfred Pulp and Paper Corporation.

CPTCo

Are You Confident Your Will is Right?

A MAN who takes these three precautions will secure real peace of mind about his will.

1. Have a lawyer draw the will.
That saves the danger of litigation made possible by technical irregularity.

2. Discuss its practical provisions with this Company.
Our wide experience in Executorship might suggest a more practical method of achieving the result in mind.

3. Name the Canada Permanent as Executor and Trustee.
That places all the experience and all the corporate judgment of this Company at the service of the family. They are assured a permanent executor, a responsible trustee, a regular income.

For the sake of your own peace of mind and your family's happiness, make sure your will is drawn and executed so as to secure the very important ends you have in view.

THE CANADA PERMANENT TRUST Co.
Paid-up Capital One Million Dollars
Toronto Street, Toronto.
Manager, Ontario Branch • A. E. HESSIN 25

NEW ISSUE

100,000 Shares
(No Par Value)

Canadian Brewing Corporation
Limited

Transfer Agents: National Trust Co., Toronto and Montreal.
Registrars: Royal Trust Co., Toronto and Montreal.

CAPITALIZATION

	Authorised	Issued
Common Shares (without Par Value)	150,000	100,000

The Company and its subsidiaries will have no funded debt authorized or outstanding, and no capital liability other than common stock.

From information from reliable sources, we summarize as follows:—

BUSINESS—This Company controls, through ownership of approximately 95% of the outstanding shares, The Dominion Brewery Company, Limited, Toronto; The Grant's Spring Brewery, Limited, The Hamilton Brewing Association, Limited, Hamilton, which companies have been long-established and whose products are well and favourably regarded. The plants of the Company have been kept in excellent working condition, and have been in successful operation since their formation, with the exception of those periods during which adverse legislation affected their operations. The brands manufactured by this Company have been well and favourably known in Ontario for the past fifty years.

PLANT AND PROPERTY—The plants of the Company have been appraised by the Canadian Appraisal Company, under date of December 18th, 1926, as having a replacement value of $1,765,626, and are located as follows:—The Dominion Brewery Company, Limited, Queen St. East, Toronto; The Hamilton Brewing Association, Limited, Bay Street North, Hamilton; The Grant's Spring Brewery, Limited, Bay Street North, Hamilton. After giving effect to the present financing the Company will have net liquid assets, according to the audit of Messrs. Price, Waterhouse & Co., of $1,079,277. Mr. Julius C. Schultz, of Buffalo, Brewery Architect, gives the plants a minimum capacity of 120,000 barrels per annum, and states that with a comparatively small capital expenditure the capacity can be increased to 250,000 barrels per annum.

PRODUCTS—The Dominion Brewery Company, Limited, manufacture such well-known brands as "White Label Ale" and "Invalid Stout"; The Hamilton Brewing Association, Limited, "Regal Lager", "Crown Porter", "Royal Ale"; The Grant's Spring Brewery Company, Limited, "East India Ale", "Edelweiss Lager", "Grant's XXX Stout", "Grant's Malt Extract".

The future market for the Company's product may be best illustrated by a comparison with the Province of Quebec, with an approximate population of 2,400,000, which has been operating under Government Control since 1919. Ontario has an approximate population of 2,900,000, and, being in much closer proximity to centres of population in the United States, such as Rochester, Buffalo, Cleveland, Detroit and Chicago, it is reasonable to expect that the Company will benefit materially from American tourist travel. In 1925, the Dominion Bureau of Statistics gives Ontario a production of strong beers and ales of 6,225,437 gallons; Quebec for the same period, 27,369,547 gallons. Since 1917, Quebec's production has increased from 12,873,166 gallons to 27,369,547 in 1925.

EARNINGS—From a report of Mr. Julius C. Schultz of Buffalo, Brewery Architect and Expert, the plants have a present minimum capacity of 120,000 barrels per annum, on which a profit of $4.00 per barrel may be expected, or net earnings of $480,000 per annum. The plants of the Company, more especially the Dominion Brewery Co., Ltd., lend themselves to expansion at a very reasonable cost, and it is the Company's intention to increase their capacity to 250,000 barrels per annum. On the increased capacity, earnings of $1,000,000 may be expected.

MANAGEMENT—The management of the Company will be in the hands of those responsible for the success of the constituent Companies.

These shares are offered for sale and delivery if, as and when issued and received by us, and subject to the approval of all legal proceedings by our Counsel, Messrs. Tilley, Johnston, Thomson & Parmenter.

Application will be made to list these shares on the Toronto and Montreal Stock Exchanges.

Price: $30.00 per share

Aird, Macleod & Co.
Toronto

Williams, Partridge & Rapley, Limited
Montreal

Flood, Barnes & Co., Limited
Montreal

Bongard & Company
Toronto

S. R. Mackellar & Co.
Toronto

Ernest Savard, Limitee
Montreal

Ryan, Grier & Hastings
Montreal

Kippen & Company
Montreal

W. F. Mahon & Co.
Halifax

J. M. Robinson & Sons, Limited
St. John Fredericton Moncton

Eastern Securities Co., Limited
St. John, N.B. Halifax Charlottetown

The statements contained in this advertisement are not guaranteed, but are based upon information which we believe to be reliable and on which we acted in purchasing these securities.

A. L. KOYL & COMPANY
General Financial Agents
SASKATOON
First Mortgage Investments, Property Management

CANADIAN GUARANTY TRUST CO.
Acts as Executor, Administrator, Trustee, Guardian, Agent and in any other Fiduciary capacity.
Official Administrator for the Northern Judicial District in Manitoba and for the Swift Current Judicial District in Saskatchewan.
Head Office:
BRANDON, MAN.
Branch Office:
Swift Current, Sask.
JOHN R. LITTLE,
Managing Director.

FIFTY-EIGHTH ANNUAL MEETING OF THE ROYAL BANK OF CANADA

Sir Herbert Holt, President, Believes No Other Country Offers as Good Opportunities as Canada — Dominion Must Reduce Taxes — Must be Further Elimination of Unnecessary Government Expenditure.

C. E. Neill, General Manager, Deals With Progress of the Bank During the Year — Stresses Valuable Assistance Given by Bank in the Development of Canada's Foreign Trade — Royal Bank Has Now 900 Branches and 11,656 Stockholders — Shareholders Authorize Increase of Capital to $40,000,000 — C. E. Neill, Elected a Vice-President of the Bank.

The 58th Annual General Meeting of the Shareholders was held at the Head Office of the Bank of Montreal, Sir Herbert S. Holt in the chair.

Mr. S. D. Boak acted as Secretary of the meeting and Messrs. J. B. Paterson and W. Beverley Robinson as Scrutineers.

Sir Herbert S. Holt, Chairman, in moving the adoption of the Directors' report, said:—

I wish to refer in the first place to the loss which the Bank has sustained through the death of our late Director, Mr. W. R. Allan. He came to us through amalgamation with the Union Bank, of which institution he was President. His services to our Bank, though brief, were of exceptional value owing to his wide knowledge and long experience of western conditions, and, with our more extensive interests there, we shall feel his loss very greatly.

The Report and Balance Sheet of the Bank, which it is my duty to present to you to-day, disclose a most satisfactory position. The statement will be dealt with in detail by the General Manager.

In order to take care adequately of our steadily broadening business and to continue our traditional policy of maintaining a conservative ratio of capital and surplus to deposits, your Directors have considered it advisable to increase the paid-up capital of the Bank by the amount of the unissued balance of the authorized capital. This additional Capital Stock has been allotted pro rata to shareholders of record on the 17th December last for subscription at the price of $200 per share. In accordance with custom, the premium realized in respect of this issue will be credited to Reserve Fund. When payments are completed the paid-up capital of the Bank will be $30,000,000, with a Reserve Fund of equal amount and substantial undivided profits. A resolution increasing the authorized capital of the Bank to $40,000,000 will be submitted for your approval to-day.

New Head Office Building

You will be interested to learn that the erection of our new Head Office building, which was announced last year, is being proceeded with as rapidly as possible and we expect that it will be ready for occupancy by May 1, 1928. The foundations have been completed and the steel structure should be finished during the early summer. The building will cover the whole block bounded by St. James, St. Peter, Notre Dame and Dollard streets, and will rise nearly four hundred feet above the street level, and will have two basements.

The design of the building combines dignity and beauty with utility, as the receding upper storeys ensure the utmost in light and ventilation. The building has been planned to yield the maximum possible revenue from rentals and, at the same time, provide the Bank with offices suited to its present and prospective needs.

It is satisfactory to note that there is a steady improvement in European conditions and that the admission of Germany to the League of Nations marks a further step in her rehabilitation, both financially and politically. The balancing of the French and Italian budgets, and the return of Belgium and Denmark to the gold standard, have been outstanding events which justify confidence in the future re-establishment of Europe on a sound basis.

In Great Britain, the recovery has been checked by the paralyzing influence of the protracted coal strike. The economic losses inflicted on the community by industrial disputes, under modern conditions, are tremendous, and, since the largest proportion of earnings from industrial output is distributed in wages, the heaviest share of the loss inevitably falls on the workers. This stoppage of coal production seriously affected export trade and dislocated international shipping, with the result of higher ocean freight rates the world over. Notwithstanding the adverse visible trade balance, there is evidence that England is still paying her way out of current income; moreover, the severe lessons of the strike have not been lost, and there is hope that more harmonious relations will go far towards enabling the great basic industries to recover their export markets. The amalgamations of coal mines and manufacturing industries that have been started is a step in the right direction, and should result in increased efficiency, production and profits. Shipbuilding yards are working to capacity so far as steel production will permit, and the most noteworthy development in this field is the rapidity with which internal combustion engines and oil are replacing coal.

The past two years have been a period of unsurpassed prosperity in the United States, and in spite of a few unfavorable factors, such as a slight recession in building, a minor decrease in demand for automobiles and a reduced income for the farmer as a result of the low prices of cotton and corn, there is no reason to look forward to more than a slight recession in the general level of business activity. The financial structure of the country is exceptionally strong, and the practice of hand-to-mouth buying has kept supply and demand so well balanced that the steady demands on all types of industry will keep production at a high level, in spite of sectional difficulties and minor mistakes in the direction of over-production.

Increased Buying Power in Canada

The record of Canadian external trade in the past three years reflects both the increased buying power resulting from increased stability abroad and the recent growth of Canadian production. For the twelve months ending November 30, 1926, the total foreign trade of Canada amounted to $2,309,201,000, as compared with $2,094,083,000 in 1925 and $1,870,363,000 for the same period in 1924. The relatively large increase in imports is a direct reflection of the improvement in our exports, our larger purchasing power and outside capital investment. The greater volume of manufactured goods coming into the country, however, indicates another aspect of the situation which may legitimately suggest some misgiving.

This increasing volume of foreign trade has been attended by an expansion in the facilities offered by our principal ports. Since the war, the Port of Vancouver has been recognized as the logical shipping point for goods entering and leaving British Columbia and Alberta, and rapid strides have been made in improving its facilities. The new bridge to North Vancouver has made available additional waterfront, and the Harbor Commission is proceeding with the development of this new area. The Ports of St. John and Halifax, it is expected, will be taken over shortly by a Government commission, and their further immediate improvement is contemplated. The elevator facilities at Montreal have proved inadequate, and additional funds have been applied for to make the necessary extensions. The new Wolfe Cove Harbor at Quebec, at present under construction, will not only double the facilities at this point, but will provide the very latest of equipment for the efficient despatch of cargo.

The returns of the Chartered Banks reflect the betterment of trade and general business conditions. In the field of credit, current commercial loans are $76,424,000 higher than a year ago, while public deposits have increased no less than $17,112,000. If the prosperity of a country can be measured by the aggregate of its bank balances, then the savings accumulated in Canada indicate an extraordinary degree of thrift and well-being. The latest available figures place the total amount of savings on deposits with the Chartered Banks, Trust Companies and Government institutions at $165 per capita, a figure which should afford excellent encouragement to intending settlers.

Canada's Dollar at Gold Parity

Exchange has been steady during the year. Canada's dollar has been at gold parity since the middle of 1924, and the resumption of gold payments, unnecessarily long delayed, was given legislative sanction on the 1st July last when the Act covering their suspension was allowed to expire. As was expected, there has been no depletion of the country's metallic reserves, and our ability to maintain a free gold market has been firmly established. War and post-war experience alike have shown that currency stability depends primarily upon sound finance rather than upon the existence of large gold stocks.

With the improvement in trade, there has been a steady betterment in Federal Revenues during the year and some reduction has been effected in our national debt. The last fiscal budget wrought a measure of relief to certain classes of taxpayer through the revision of the basis of assessment and extension of the system of double taxation. It is the natural tendency of governments to follow the line of least resistance and impose taxation where it can be most easily exacted, whether it results in the punishment of thrift or the discouragement of productive enterprise. What Canada needs is to follow the example set by the United States in the reduction of all taxes and in the cost of government, so that by economies due to the efficiency of administration we may secure a substantial reduction in the total burden of taxation rather than a change of incidence. Canada has frequently shown that she is not without courage in facing her economic problems, and there are indications that a bold co-operative policy of administrative economy on the part of all governments would meet with strong public approval and support. Entering, as we believe, a period of more rapid development, it is essential that a tight rein should be held upon new borrowing and capital expenditures severely restricted to purposes which will add to the productive power of the country.

Community of Interest in Canada

There is a growing recognition of the community of interest which exists between the various sections of the country. In the past, we have heard too much of East and West, of Quebec and Ontario, but not enough of Canada. I regard, therefore, the inauguration of a Dominion Board of Trade as a movement of importance in promoting the growth of national sentiment. It is only by co-operation on the basis of a national economic policy, unimpeded by sectional appeals and prejudices, that we can attain that fuller prosperity to which the character of our people and our great natural resources entitle us. Through a systematic policy of Empire development we may secure a better distribution of population and find readier markets. In this direction, assuredly, lies the future of our political and economic life.

Steady Improvement in Business

We have definitely emerged from the discouraging conditions of the post-war period. The year just closed has been one of steady and substantial improvement in almost every department of Canada's business life, and it is gratifying to know that our greater prosperity is well grounded on the sound foundation of expanding production and commerce. All the familiar indices, such as bank debits, railway traffic, electric power production and commercial loans, give testimony to the greatly improved state of business. A record volume of building and construction is being carried on, manufacturing plants are active and the volume of employment is gratifying. Transportation has profited by the general expansion of trade and the net earnings of our two great railway systems show a marked gain.

Without agricultural prosperity, Canada cannot be prosperous, and though neither the grade of the 1926 crop nor the return which it will yield to the farmer is as good as that which was secured in 1925, yet that year saw the end of the agricultural depression, and the buying power which will accrue to the farmer from this year's crop will not only go far toward maintaining good conditions on the farm but also do much for the internal commerce of the country. Owing to relatively favorable price levels and to an increase in mixed farming in the West, agriculture is on a more sound and profitable basis in Canada than in most other countries.

The pulp and paper industry continued its progress of expansion throughout the year, and Canada has now attained a position as the world's leading producer of newsprint. During the first eleven months of 1926 production totalled 1,714,020 tons, or 24 per cent. in excess of the previous year, while her exports increased over $14,000,000. The growth in demand for newsprint is a world-wide development and furnishes an interesting illustration of the economic importance of the newspaper. The increased business activity on the American Continent has largely augmented consumption, which, during the past few years, has kept pace with production. Whether this equilibrium can be maintained with the further expansion of our productive capacity now under construction, however, is a matter for serious consideration.

Conservation Urgent National Problem

Vast as our forest resources are, the steady depletion of the raw materials essential to the well-being of important basic industries is a matter of grave concern, and I regard the question of conservation as an urgent national problem. The value of our forest products is second only to agriculture, and contributes no less than 25 per cent. to Canada's total export trade. The rapid exhaustion of the principal forest areas of the United States will be reflected in an increased demand for Canadian lumber, paper and pulpwood, and if this demand is to be met, or even the present output maintained, our forests must be placed on a sound basis of management by a compelling national policy of reforestation. In this connection, the policy of the Quebec Government in discouraging further expansion and reserving the Crown lands for existing mills and those now under construction, is most commendable, since it makes for the stability of the industry, and will, apparently, go hand in hand with an intelligent policy of forest conservation

Interest in the growth of Canada's mining enterprises has never been so active as during the past year, and it is gratifying that the reports from the various camps show continued progress in practically every branch of this important basic industry.

Coal production in the Maritime Provinces has been the heaviest on record, and, for the first time in some years, nearly all the coal mines will operate throughout the winter. During the first six months of the year, the output of copper was eighteen million pounds in excess of the corresponding period last year, while zinc production recorded an increase of twelve million pounds, and lead production ten million pounds; in fact, large increases were recorded for nearly all the important metallic and non-metallic minerals. Despite the prevailing lower average metal prices, the output during the first six months of the year had a value of 9 per cent. in excess of the previous year.

Owing to transportation difficulties, prospectors in the past have not found it feasible to venture more than 100 miles on either side of the railways and navigable rivers and, as a result, the great majority of our mining enterprises have sprung up within a few miles of the main railway lines. In the Rouyn and Red Lake areas the first attempt was made by mining men to utilize the aeroplane for the transportation of men, supplies and materials for the development and exploration of prospective properties. The success of this experiment has been attended by the organization of several parties of prospectors who will be sent by aeroplane into new and unexplored regions this next summer. Many of these parties will be equipped with the latest electrical prospecting devices, which will expedite their work and permit them to scientifically cover a large area. This summer a thousand engineers from all parts of the Empire are coming to inspect our mines.

Although the mineral industry is third in importance in Canada, the greater part of our land area is now unprospected and only sufficiently explored to indicate in a general way its main geological features and prospective mineral wealth. With technical prospecting reaching farther and farther afield and utilizing scientific methods, I feel that the development of the mineral industry will be the outstanding feature of the next decade, and it pleases me to say that in the majority of cases this organized expansion of the industry is being sponsored and financed by Canadians.

Country Offers Great Opportunities

The world over, capital is seeking profitable investment and enquiries concerning Canadian conditions are coming from the United States, the United Kingdom, and all parts of Europe. It has been estimated that three billion dollars have been invested in Canada by the people of the United States. Far from deploring this large volume of foreign investment, Canadians should welcome every assistance in the task of developing our latent resources, but there is now sufficient capital in Canada so that we shall expect to finance a steadily increasing proportion of the new undertakings within our own borders. The economic strength of the Dominion lies in its vast potential resources of arable lands, its forests and fisheries, its immense mineralization and reserves of water-power. The more rapid flow of capital and labor into the basic industries of the country which has taken place in the last two years is additional evidence of the increased confidence in the country and its progress. However, Canadians should not become so thoroughly immersed in the work of the moment that they fail to appreciate the fact that no other country in the world affords the same opportunities which now surround us, nor that any fully developed country can hold forth the promise of the rapid expansion which lies ahead of Canada.

General Manager's Address

The General Manager, C. E. Neill, said:—

At our last Annual Meeting, before consideration of the Balance Sheet, I referred to the acquisition of the Union Bank of Canada and of the Bank of Central and South America, and spoke of the benefits we expected to derive therefrom. I am glad to be able to report that our expectations have been fully realized. The Union Bank of Canada had an exceptionally good business in our Canadian agricultural communities. We have already succeeded in increasing this connection and we expect to develop it still further under prosperous agricultural conditions.

The purchase of the Bank of Central and South America has proved to be particularly satisfactory. The business acquired in Peru and Colombia, where we had not previously been represented, as well as additions to our clientele in other South American countries and in New York, have exceeded our expectations, and we see no reason why this valuable connection should not continue to expand on a safe and profitable basis.

The 57th Annual Financial Statement of the bank, which is presented to you to-day, should, I think, be considered highly satisfactory. The assets of the bank are slightly less than were shown on the previous Balance Sheet, but this is entirely due to the fact that in that Balance Sheet a number of large, special temporary transactions were included. There are no such transactions this year. Our general business has shown satisfactory and substantial growth, particularly in Canada, as indicated by an increase of $8,309,693.48 in savings deposits.

Increase in Commercial Loans

Undoubtedly, the outstanding feature of our Balance Sheet is the increase of $6,904,587.53 in commercial loans in Canada. This increase reflects business activity arising from the country's growing prosperity.

The strong position of the bank has been fully maintained. Our cash, including bank balances, equals 23.30 per cent. of liabilities to the public, while our liquid assets are 54.30 per cent. of liabilities to the public.

Increased business activities and our expanding connection have resulted in increased profits. The usual dividends and bonus, amounting in all to 14 per cent., have been paid to the shareholders and we have made the customary appropriations for Bank Premises and Pension Fund. All bad and doubtful debts have been provided for and $1,409,674.58 is carried forward in Profit and Loss Account.

The Balance Sheets of the Globe Realty Corporation and the Canadian Realty Corporation are before you. Through the operation of Sinking Funds the bank's equity in these two companies has increased by $294,587.60 during the year. In addition, the usual appropriation of $400,000 has been made in connection with Bank Premises. Therefore, in all there has been, directly and indirectly, written off our properties $694,587.60 out of the year's profits.

The shares of the Globe Realty stock, which are all owned by the bank and which represent an appraised equity of $8,523,954.31, are carried in our books at $1.00.

The shares of the Canadian Realty Corporation, representing an equity of $1,718,579.59 are carried at $200,000, but we expect that this amount will be fully written off during the current year out of profits.

Canada in Period of Sound Prosperity

You will receive as usual with the report of this meeting comprehensive information regarding conditions in Canada and other countries where we are represented, and therefore I need only say that, as already indicated in our President's review of the situation, Canada is going through a period of sound prosperity and I see every reason for the expectation that the present good times will continue.

In other countries where we are represented, with the exceptions already referred to, conditions are satisfactory and our business continues to expand on sound banking lines. This is particularly true as regards the great centres, London, New York, Paris and Barcelona, where our large and growing international connection attracts a valuable clientele.

It will interest you to know that in order to provide facilities in the West End of London for the convenience of overseas customers we have arranged to lease an office in the new building of the Sun Life Assurance Company, which is now in course of erection. The building faces both on Pall Mall and on Cockspur street and directly adjoins the Canada Building. The site is a splendid one and our West End office will fill a long felt want.

Banks Help External Trade

The service rendered by Canadian chartered banks in facilitating the internal and external trade of the country is of outstanding importance to the business community, and I regret to say that the value of this service is not always recognized. The gathering together of accurate credit information, the work of making collections, trade enquiries, and various other facilities made available are invaluable, and the basis of competition between the banks should to an increasing degree be the quality and extent of such services. In this connection perhaps the most noteworthy development in Canadian banking efficiency has been the improved facilities offered for assisting our foreign trade.

Since this bank first commenced to establish branches abroad over twenty-five years ago, we have acquired an intimate knowledge of many foreign markets. We have done our utmost to use this knowledge for the benefit of Canadian trade by placing foreign buyers in touch with our exporters and locating advantageous sources of supply for Canadian importers. The Managers of our foreign branches are familiar with Canadian products, and it goes without saying that our opportunities to be of service have been numerous, more particularly since the majority of our foreign branches are located in countries which are not competitors of Canada, but rather, buyers of our products and suppliers of our necessities. Seven years ago, we found that the volume of enquiries passing through Head Office rendered the creation of a special department advisable, and our Foreign Trade Department was then established. The period that has marked the greatest expansion of the bank abroad has also been one of great development of Canadian foreign trade, and I know that during this past quarter of a century we have been able to facilitate the movement of Canadian goods to the extent of many millions of dollars, and at the same time serve the interests of the foreign countries where we are established, by putting their exporters into contact with Canadian firms interested in their products.

With a view to assisting Canada's foreign trade, our Foreign Trade Department has issued various publications dealing with methods of foreign business and business conditions and opportunities in various foreign countries. In 1921, "Financing Foreign Trade" was published by us, and this book received wide recognition as an authoritative treatment of this subject. It is now being used as a text-book in connection with courses on Foreign Trade in leading universities, both in Canada and in the United States. The demand for this book has been so persistent that a new and revised edition will be issued in the near future. A later development has been the publication of a bi-monthly report dealing with business conditions in Latin America and the West Indies. This report gives to our leading exporters the latest cabled information covering business conditions, prices and we do not hesitate to ask for this support, both in their individual interests have just issued an illustrated book, "Canada and the Twentieth Century." which emphasizes the opportunities for investment in the expanding industries of the country. This type of publicity has attracted interest both in Canada and abroad.

Opportunities in Banking

While much may be accomplished by close attention to general organization, it is obvious that as this bank takes a more and more important place among the international banking institutions of the world, the calibre of our staff must be a great factor in our success, and it is therefore of the utmost importance that men of broad vision, coupled with a sufficient background of practical experience and theoretical information be developed. Banking can provide a remunerative and interesting career for young men of good education who have the capacity and determination to succeed, and this is the class that we desire to attract. Sound principles, coupled with an aggressive and competent staff, must result in the continuance of stability and prosperity. May I add that we hope the shareholders of the bank will not forget how great a part they may take in the extension of the bank's business and profits, by giving the Directors and Management their individual support. We have now no less than 11,656 shareholders. The active support of such a large and influential body is of the greatest value to the bank, and we do not hesitate to ask for this support, both in their individual interests and in the interest of the bank as a whole.

Authorized Capital Increased

A resolution was passed increasing the authorized capital of the Bank to $40,000,000.

Board of Directors

The following were elected Directors for the ensuing year:—Sir Herbert S. Holt, President; E. L. Pease, Vice-President; D. K. Elliott; Hugh Paton; A. J. Brown, K.C.; W. J. Sheppard; C. S. Wilcox; A. E. Dyment; C. E. Neill; G. H. Duggan; C. C. Blackadar; John T. Ross; W. H. McWilliams; Capt. Wm. Robinson; A. McTavish Campbell; Robert Adair; Hon. William A. Black, M.P.; C. B. McNaught; G. MacGregor Mitchell; Hon. R. B. Bennett, K.C., M.P.; R. T. Riley; Stephen Haas; John H. Price; W. H. Malkin.

New Vice-President Elected

At a subsequent meeting of the Board of Directors, Sir Herbert S. Holt was re-elected president and Mr. E. L. Pease, vice-president, for the ensuing year. Mr. C. E. Neill was also elected a Vice-President of the Bank.